

DAILY REPORT

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PRC INTERNATIONAL AFFAIRS

GENERAL

RENMIN RIMAO on Soviet-Israeli Consular Talks [19 Aug] A 1

UNITED STATES

Teachers Begin Initiation to American Culture B 1

SOVIET UNION

XINHUA on Gorbachev's Nuclear Test Moratorium Speech C 1

PRC-MPR-USSR Railway Conference Ends 21 Aug C 1

Soviet Parliamentary Delegation Arrives in Beijing [AFP] C 2

NORTHEAST ASIA

PRC To Send 385 Athletes to Games in Seoul D 1

Youth Delegation Leaves for DPRK 20 Aug D 1

Visits Pyongyang D 1

SOUTHEAST ASIA & PACIFIC

SRV Troop Withdrawal Offer 'Same Old Tricks' E 1

Wan Li to Visit Australia, New Zealand E 2

Australia Announces Visit E 2

Xu Xin Hosts Banquet for Thai Deputy Army Chief E 2

Australian Warships Leave Shanghai 20 Aug E 2

SOUTH ASIA

Pakistani Foreign Secretary in Beijing for Visit F 1

Discusses Gorbachev Speech F 1

Comments on Afghan Issue F 1

PRC Elected to Indo-Pacific Medicine Congress F 2

EASTERN EUROPE

Song Ping Greets Hungary's Lajos Faluvegi H 1

East European Countries Support USSR Moratorium H 1

PRC NATIONAL AFFAIRS

Bankruptcy Warning Saves Hubei Radio Factory [RENMIN RIBAO 13 Aug]	K 1
RENMIN RIBAO Commentary [13 Aug]	K 2
RENMIN RIBAO on Resisting Feudal Influence [15 Aug]	K 3
JINEJI RIBAO Urges Attention to Quality Control [15 Aug]	K 7
Excessive Capital Investment Puzzles Planners [CHINA DAILY 21 Aug]	K 9
'Healthy Balance' Reported in Industrial Output	K 10
Zheng Toubin Forwards 'New Demands' for Xizang	K 10
RENMIN RIBAO on Tackling Unhealthy Trade [11 Aug]	K 11
23 Economic Coordination Networks Set Up	K 12
Hu Urges Young Intellectuals To Teach Socialism	K 13
Monument With Hu Yaobang's Inscription Erected	K 14
Wuhan, Other Cities To Mark Sun Yat-sen Birthday	K 14
Wan Li Inspects Yingjiang Region 12-18 August	K 15
Officials at Hebei Tourist Work Conference [HEBEI RIBAO 8 Aug]	K 15
Yang Dezhi Cuts Ribbon for Exports Exhibition	K 16
Yang Shangkun, Yu Qiuli Visit Exhibition	K 17
Zhang Jingfu Meets Taiwan Scholars in Beijing	K 17
Official Addresses National Christian Conference	K 17
Youth Paper Reviews Red Guard Movement	K 18
Meetings Reported as 'Too Many, Too Monotonous'	K 19
Sociologists Campaign Against Antiquated Ideas	K 20
Think Tanks Play Increasing Role in Policy-making [HSIN WAN PAO 18 Aug]	K 21
Students Held for 'Antirevolutionary Offences' [HONGKONG STANDARD 21 Aug]	K 23

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Plans ID Card Issuance in 8 Cities	O 1
Shandong Opens Two More Ports to Foreign Ships	O 1
Shandong Secretary on Developing Town Enterprises	O 1
Shanghai Improves Facilities for Foreign Firms	O 3
Zhejiang's Wang Fang Advises Liberation of Mind	O 4

CENTRAL-SOUTH REGION

Guangdong Leader on Township Enterprise Growth	P 1
Shenzhen Leader on Future Development Ideas	P 1
Hunan Meeting Discusses Staffing of Organs	P 2

SOUTHWEST REGION

Sichuan Experiments With 'Ecological Farming'	Q 1
Chongqing Officials Act on Letters From People	Q 2
Yunnan Leaders Attend Advisory Commission Meeting	Q 3

NORTHEAST REGION

'Biggest Flood Peak' Passes in Harbin 20 Aug
Gao Di Stresses Jilin Ideological, Political Work
Liaoning CPPCC Standing Committee Meeting Ends
[LIAONING RIBAO 8 Aug]

S 1
S 1
S 2

NORTHWEST REGION

Gansu Peasants Urged to Acquire Commodity Concept
Shaanxi Scores Gains in Struggle Against Theft
Hong Kong, Macao CPPCC Members Visit Shaanxi

T 1
T 1
T 1

PRC MEDIA ON TAIWAN AFFAIRS

PRC To Allow Taiwan Contacts With Interpol
Taiwan's Admission to Asian Olympic Body Viewed
Taiwan Buddhists Asked To Attend Anhui Service

U 1
U 1
U 1

TAIWAN

Taiwan Concerned Over U.S. Arms Sales to PRC
Taiwan To Take Flexible Stance in Trade Talks
[CHINA POST 18 Aug]
Official Reports on Trade Talks With U.S.
Textile Industry Urges Reopening of U.S. Talks
Trade Talks With U.S. Viewed as 'Positive'
[CHINA POST 17 Aug]

V 1
V 1

V 2
V 2
V 3

HONG KONG & MACAO

PRC-Portugal To Hold Macao Talks 9-10 Sep
Further Report
[HONGKONG STANDARD 21 Aug]

W 1
W 1

RENMIN RIBAO ON SOVIET-ISRAELI CONSULAR TALKS

HK201341 Beijing RENMIN RIBAO in Chinese 19 Aug 86 p 6

["Commentary" by reporter Chen Jichang from Damascus: "Background of the Soviet-Israeli Consular Talks"]

[Text] After a 19-year break in diplomatic relations, Soviet and Israeli delegations held their first formal talks in Helsinki today. The talks were abruptly ended 90 minutes after they began. Still, this new, important move in Soviet-Israeli relations is of interest to many.

According to measures agreed upon by the two countries, the talks would mainly discuss consular issues, and following the talks, a Soviet delegation would visit Israel for further negotiations.

News of this meeting was first announced by Israel. The Israeli Government spokesman said: The Soviet Union asked that the two countries hold a meeting, and Israel accepted the Soviet proposal without putting forward any preconditions. Later, in confirming this news, the Soviet Foreign Ministry spokesman stressed that this meeting is nonpolitical and would mainly deal with the question of Soviet properties in Israel. It does not signify any change in the USSR's policy towards the Middle East.

Even though the USSR tried to play down the political significance of this meeting, Arab sources here widely believed the both the USSR and Israel have their respective political objectives in the meeting. While the Soviet Union naturally hopes to resolve through this meeting the questions involving its concrete interests in Israel such as properties and nationals; most important, it hopes to break the U.S. monopoly of Middle East affairs, expand Soviet influence in the Middle East, and further gain a foothold on the Middle East political stage in order to be on equal footing with the United States. Everyone knows that the USSR has consistently advocated the holding of an international conference to settle the Middle East issue, while Israel proposed that only by resuming diplomatic ties with it can the USSR play a role in Middle East affairs. Thus, the Soviet-Israeli Helsinki talks are essentially the USSR's stepping stone to establishing formal ties with Israel later. Soviet reporter Louis minced no words in pointing out: "These Soviet-Israeli talks are an important step towards normalization of relations between the two countries, and the Arab states will have to swallow this bitter pill and accept reality." On the other hand, Israel intends to use the establishment of Soviet-Israeli diplomatic relations as a bargaining chip to force the Soviet Union to relax restrictions against immigration of Jews to Israel. It is demanding that the USSR allow millions of Jews currently in the Soviet Union the freedom to immigrate overseas. Indeed, Israel also hopes that normalization of relations with the USSR could change its "one-sided" policy in favor of the Arab states in the Middle East, and therefore put an end to Israel's isolation in the region. Israeli Prime Minister Peres said: The Soviet-Israeli Helsinki talks would be "a step towards Israel's breaking its isolation and gaining development and stability."

TEACHERS BEGIN INITIATION TO AMERICAN CULTURE

OW200630 Beijing XINHUA in English 0615 GMT 20 Aug 86

[Text] New York, August 19 (XINHUA) -- Forty-eight Chinese middle school teachers today began a year-long initiation to American culture as guests of American families in 20 states all over the country.

At a reception last night at the New York headquarters of the American Field Service (AFS), which this year is hosting nearly 100 teachers from China, Thailand, Indonesia and Chile, AFS Vice President Don Mohanlal said, "When you train a student, only one student benefits from it, but when you train a teacher, a whole class will benefit from it."

He said his six visits to China have convinced him of the significance of the project, adding "I will be going to China again in two weeks to discuss ways of further promoting cultural exchanges between AFS and China."

One host, Phyllis McGrath, from the state of Connecticut, said, "The Chinese teachers are very hard working and have brought freshness to our town. We love to have them and regard them as good-will ambassadors from China."

Liu Manan, a teacher from China's Hunan Province, told the reception "We brought with us two baskets, one is filled with our friendship and goodwill towards the American people, the other filled with our knowledge of Chinese culture and tradition." She expressed the hope that when the Chinese teachers return home after one year of study, "they will also bring back two baskets, one filled with English and knowledge about America, the other with friendship and goodwill of the American people to the Chinese people."

During the last four decades, AFS, a non-governmental organization founded in 1946 by ambulance drivers in the two world wars, has sponsored 30,000 students from countries in Europe, Asia, Africa and Latin America to study abroad for a period of six to 12 months.

China first participated in AFS activities in 1982, when William M. Dyal, the current AFS president, visited China and reached agreement with Chinese education authorities to bring Chinese middle school teachers to the United States, Britain, Canada, Australia, New Zealand and Japan to study English and Japanese. China, in return, agreed to accept students from these countries to study Chinese and other subjects in Chinese universities.

It should be remembered that a year ago, special envoys from the USSR and Israel met secretly in Paris. Reports at that time said that the two countries were exploring the possibility of resuming diplomatic relations.

However, owing to strong reactions from some Arab states, the USSR slowed its tempo. The Arab states harbored suspicions on the Soviet-Israeli talks. In order to eliminate these suspicions, the USSR not long ago sent special envoys to sell and explain the idea to the Arab states, but with very little result. On 11 August, Kuwaiti Foreign Minister Sabah stated that the USSR placed its own interests above sympathies to the Arab cause.

The Soviet-Israeli talks have also aroused the vigilance of the U.S. according to an Israeli radio broadcast, the U.S. has sent a delegation to Helsinki to "monitor" the progress of the talks. The long-standing disruption in diplomatic relations between the USSR and Israel created favorable conditions for the U.S. monopoly of Middle East affairs. The Soviet's present drastic decision to have direct contacts and talks with Israel is reversing the tide. In effect, this reflects another face in the intricate struggle of the two superpowers in the Middle East.

Observers believed that owing to restraints imposed by various factors, the Soviet-Israeli Helsinki talks would not proceed smoothly and, instead, would see an intense bargaining and struggle. The issue of resumption of diplomatic relations would also not figure in the agenda of this meeting.

XINHUA ON GORBACHEV'S NUCLEAR TEST MORATORIUM SPEECH

OW190134 Beijing XINHUA in English 2358 GMT 18 Aug 86

[Text] Moscow, August 18 (XINHUA) -- Soviet leader Mikhail Gorbachev announced tonight that his country will extend its unilateral nuclear testing moratorium till January 1, 1987.

Gorbachev said in a speech carried on radio and television that he was confident that "agreement on ending nuclear tests can be reached speedily and signed this year at the Soviet-American summit meeting."

The agreement, he said, would be "the main real outcome of the meeting, a considerable step on the way towards ending the arms race."

The Soviet Union began its unilateral moratorium on nuclear blasts on August 6, 1985, and extended it twice. The last extension expired on August 6 this year, the 41st anniversary of the atomic bombing of Hiroshima.

In his speech, transmitted by the official news agency TASS, Gorbachev criticized the United States for "exploding another 18 nuclear devices" in the period of the Soviet moratorium, noting that three of them were not announced. "The U.S. foreign policy with all its intricacies and verbal camouflage continues to be based on the following dangerous delusions: The underestimation of the Soviet Union... as well as the overestimation of its own potentialities," Gorbachev said.

He stressed that the security of the Soviet Union is "sacred" to Soviets and is "a matter of principle." He declared that his country is ready to "answer any challenge of the United States, including the notorious SDI (Strategic Defense Initiative)."

"If need be, we shall promptly come up with the answer, and it will not be what the United States expects. But it will be the answer that will devalue the 'star wars' program," the Soviet leader warned.

Observers here suggest that Gorbachev, by extending his country's nuclear testing suspension, intends to pressure the U.S. administration into making some concessions on the nuclear test ban at his second meeting with U.S. President Ronald Reagan in Washington late this year. Some observers here say Gorbachev's speech gives them the impression that the Soviets seem to be sure that an agreement on the nuclear ban could be reached at the next Soviet-U.S. summit 19 Aug.

PRC-MPR-USSR RAILWAY CONFERENCE ENDS 21 Aug

OW210820 Beijing XINHUA Domestic Service in Chinese 0658 GMT 21 Aug 86

[By reporter Wang Yimin]

[Text] Ulaanbaatar, 21 Aug (XINHUA) -- A railway conference attended by Chinese, Mongolian, and Soviet representatives concluded here today. It was the first of its kind in 20 years.

Attending the 11-day conference were a Chinese railway delegation headed by Song Zongbao, deputy director of the Hohhot Railway Bureau; a Mongolian railway delegation headed by (Sanjaadzabu), first deputy director of the Ulaanbaatar Railway Bureau; and a Soviet railway delegation headed by Maksimov, deputy director of the East Siberia Railway Bureau. Based on the principle of equality and mutual benefit, they carried out full consultations and signed a new protocol on the questions of the improvement of the transport organizations, the hand-over procedure for and the transshipment of cargo, as well as the settlement of accounts.

The Sino-Mongolian-Soviet railway representatives' conference was suspended in 1966. The enormous increase in the volume of railway transportation involving the three countries has necessitated the resumption of the conference.

The 1986 annual meeting of the Sino-Mongolian Boundary Railway Joint Commission also took place in Ulaanbaatar at the same time.

The Chinese railway delegation arrived in Ulaanbaatar on 10 August. While in Mongolia, the delegation visited factories, enterprises, and cultural facilities. It departed Ulaanbaatar for home on 21 August by train.

SOVIET PARLIAMENTARY DELEGATION ARRIVES IN BEIJING

HK211156 Hong Kong AFP in English 1150 GMT 21 Aug 86

[Text] Beijing, Aug 21 (AFP) -- A Soviet parliamentary delegation arrived here Thursday to discuss economic issues with officials of the National People's Congress (parliament), an informed Soviet source said.

The delegation, only the second of its kind since the Sino-Soviet split in the early 1960's, is to stay about one week, the source said. It is led by Nikolay Maslennikov, head of the Budget and Planning Commission of the Supreme Soviet.

The delegation was to begin its meetings Thursday at the People's Palace, the seat of China's parliament, the Soviet source said. They are also expected to visit Shanghai, where the staff of the first Soviet Consulate to be reopened since Moscow and Beijing split in the 1960's arrived Saturday, according to informed East European sources.

The visit comes shortly before one scheduled by Soviet First Vice-Premier Nikolay Talyzin during the first 10 days of September. Another first vice-premier, Ivan Arkhipov, has met several Chinese officials since he arrived here July 27 on a private visit for acupuncture treatment.

The last Soviet parliamentary delegation to China, in October 1985, formalized the resumption of Sino-Soviet contacts on the parliamentary level for the first time in more than 20 years.

Sino-Soviet relations have been improving since 1982, when Beijing and Moscow began talks on normalizing relations, and there has been a growing number of exchange visits between Chinese and Soviet officials.

PRC TO SEND 385 ATHLETES TO GAMES IN SEOUL

OW201036 Beijing XINHUA in English 0946 GMT 20 Aug 86

[Text] Beijing, August 20 (XINHUA) -- A total of 28 countries and regions have decided to participate in the upcoming 10th Asian Games to be held in Seoul, South Korea, from September 20 through October 5, according to reports reaching here from Seoul. The largest sports festival in Asia expects to attract more than 4,000 athletes to compete in 25 items. A total of 269 gold medals will be awarded. Four new events -- judo, fencing, bowling and tae kwon do which contain 70 gold medals, will be added to the program. According to the schedule, there will be a number of 171 top glories for men and a total of 80 laurels for women, in addition to 15 gold medals in the events for both men and women and three in the mixed events.

South Korea has decided to send 495 athletes -- the largest entry for the games, while Japan will deliver 455 athletes, second only to the hosts in number. Both two teams will compete in all 25 items. The third largest entry will be India which is expected to compete in 22 events with 425 athletes. Defending champion China will feature 385 athletes in 20 items.

The 25 events contained in the program will be as follows: athletics (42 golds), swimming (34), shooting (30), wrestling (20), gymnastics (14), archery (12), boxing (12), bowling (12), weightlifting (10), cycling (9), judo (8), fencing (8), rowing (8), taekwondo (8), badminton (7), tennis (7), table tennis (7), equestrian (6), yachting (5), golf (2), basketball (2), volleyball (2), field hockey (2), football (1) and handball (1).

During the games, the congress of the Olympic Council of Asia, the executive meeting of International Olympic Committee and congresses of Asia's individual sports organizations will be held.

YOUTH DELEGATION LEAVES FOR DPRK 20 AUG

OW200808 Beijing XINHUA in English 0648 GMT 20 Aug 86

[Text] Shenyang, August 20 (XINHUA) -- A Chinese youth delegation left Dandong, Liaoning, today by train for a two-week friendly visit to the Democratic People's Republic of Korea at the invitation of the Central Committee of the Socialist Working Youth League of Korea. The 206-member delegation headed by Song Defu, first secretary of the Chinese Communist Youth League Central Committee, is formed by workers, peasants, youth league cadres, soldiers, students, scientists, artists, journalists and representatives of family members of martyrs of the former Chinese People's Volunteers.

Visits Pyongyang

OW201846 Beijing XINHUA in English 1827 GMT 20 Aug 86

[Text] Pyongyang, August 20 (XINHUA) -- More than 200 Chinese youth league members arrived here today as part of an exchange with the Korean Youth League. Leaders of the two leagues expressed their desire to learn from each other in speeches at a dinner given by Choe Ryong Hae, chairman of the League of Socialist Working Youth of Korea, in honor of the visiting Chinese delegation led by Song Defu, first secretary of the Chinese Communist Youth League Central Committee. The two sides also said they hoped more exchanges between the young people of the countries would take place. Last year, 500 Korean Youth League members visited China.

SRV TROOP WITHDRAWAL OFFER 'SAME OLD TRICKS'

OW210403 Beijing Domestic Service in Mandarin 1050 GMT 20 Aug 86

["International Current Events" commentary: "Vietnam Plays the Same Old Tricks Without Changing Its Position"]

[Text] Vietnam, Laos, and the bogus Phnom Penh regime held the so-called 13th conference of foreign ministers of the three Indochinese nations in Hanoi 17 and 18 August.

The conference's communique shows that Vietnam, while glibly talking about a political solution of the Cambodian question, continues to assail the Cambodian resistance forces without justification. It is playing the same old tune of so-called partial withdrawal of troops from Cambodia and has doggedly rejected the 8-point proposal for a political solution to the Cambodian question presented by the Coalition Government of Democratic Kampuchea (CGDK). By playing the same old tricks, Vietnam shows that it still clings to the position of armed occupation of Cambodia.

The so-called partial withdrawal of Vietnamese troops from Cambodia is only a substitute for the armed occupation of that country. We all know that Vietnam's armed aggression against Cambodia has incurred strong international denunciation. The UN General Assembly has repeatedly demanded that Vietnam withdraw all its aggressor troops from Cambodia. Vietnam has become the target of international criticism, and found itself in a very awkward position. To get away from international condemnation, Vietnam adopted the high-sounding tone of withdrawing part of its troops from Cambodia, and actually performed the farce of partial troop withdrawal.

Although it has not been too long since [words indistinct] until now Vietnam has not withdrawn a single soldier from Cambodia. The so-called partial troop withdrawal is, at most, a troop rotation for the Vietnamese aggressors in Cambodia.

The communique says the CGDK's 8-point proposal for political solution to the Cambodian question is divorced from Cambodia's actual situation and is unacceptable to Hanoi. Actually the situation in Cambodia is this: Vietnam's armed aggression against Cambodia has brought about tremendous calamities to the Cambodian nation, and the Vietnamese aggressors have met with stiff resistance from the anti-Vietnamese forces led by the CGDK. These forces have grown in strength and won widespread support. On the other hand, the Vietnamese aggressor troops are low in morale and combat readiness, and are deeply bogged down. The puppet Cambodian regime supported by Vietnam goes against the people's will.

Under these circumstances, the CGDK put forward a fair, reasonable and generous 8-point proposal, which is widely supported in the international community. However, no sooner had the CGDK put out the 8-point proposal than Vietnam rejected it without any justification. Now, Vietnam again rejects the proposal under the pretext that it is divorced from Cambodia's actual situation. This shows that Vietnam still refuses to seek a political solution to the Cambodian question, or to cough out the hard bone, Cambodia, which is stuck in its throat. It is uncomfortable to have a bone in one's throat. The only way is to cough it out as soon as possible. This means Vietnam should follow the CGDK's 8-point proposal and join the CGDK in seeking a political solution to the Cambodian question. Otherwise, no matter how often Vietnam plays its old tricks, it is useless if it does not change its position.

WAN LI TO VISIT AUSTRALIA, NEW ZEALAND

OW200724 Beijing XINHUA in English 0719 GMT 20 Aug 86

[Text] Beijing, August 20 (XINHUA) -- Chinese Vice-Premier Wan Li will pay a goodwill visit to Australia and New Zealand from September 5 to 20 at the invitation of Australian Prime Minister Bob Hawke and New Zealand Prime Minister David Lange. Among the principal members of Wan's entourage are premier's special assistant Chen Chu and Vice-Foreign Minister Zhu Qizhen.

Australia Announces Visit

OW210126 Beijing XINHUA in English 0056 GMT 21 Aug 86

[Text] Canberra, August 20 (XINHUA) -- Chinese Vice Premier Wan Li will visit Australia from September 5 to 13, the Australian prime minister's office announced today. The official statement said Wan, a key figure in the process of modernizing the Chinese economy, will meet with Australian Prime Minister Bob Hawke and other senior ministers.

During his stay in Australia, the Chinese premier will visit Melbourne, Sydney and rural areas. The visit follows the Australian prime minister's visit to China in May, and will continue the now-established tradition of regular, high-level visits marking the warmth and maturity of the relationship between the two countries, the statement said.

XU XIN HOSTS BANQUET FOR THAI DEPUTY ARMY CHIEF

OW201810 Beijing XINHUA in English 1435 GMT 20 Aug 86

[Text] Beijing, August 20 (XINHUA) -- Xu Xin, deputy chief of the General Staff of the Chinese People's Liberation Army, reiterated here today China's support for the government and people of Thailand in their struggle to protect their national dignity. Speaking at a banquet welcoming Gen. Akkaphon Somrup, acting deputy commander-in-chief of the Royal Army of Thailand, and his party here this evening, Xu said that the Vietnamese policy of aggression and expansion is the root cause of instability in Southeast Asia.

He emphasized that under the present circumstances, to strengthen Sino-Thai friendship is not only in the interests of the two countries, but also of great significance for supporting the Kampuchean people in their struggle against the Vietnamese aggressors, and maintaining peace and stability in Southeast Asia and the Asian-Pacific region as a whole.

Xu noted that the Chinese and Thai Armies have increased their contacts along with the development of Sino-Thai friendly cooperation in recent years. The Thai visitors, who arrived here yesterday, visited a tank unit of the Chinese Army today.

AUSTRALIAN WARSHIPS LEAVE SHANGHAI 20 AUG

OW200814 Beijing XINEUA in English 0641 GMT 20 Aug 86

[Text] Shanghai, August 20 (XINHUA) -- Two frigates of the Royal Australian Navy "Derwent" and "Parramatta" left here today for the Philippines after a four-day visit. During their stay here the Australian Navy officers and men visited Chinese Navy vessels, a jade carving factory, a carpet factory and the Shanghai zoo, and attended a performance of song and dance items.

PAKISTANI FOREIGN SECRETARY IN BEIJING FOR VISIT

Discusses Gorbachev Speech

HK210400 Hong Kong AFP in English 0329 GMT 21 Aug 86

[Text] Beijing, Aug 21 (AFP) — Visiting Pakistani Foreign Secretary Abdul Sattar has discussed with Chinese officials Soviet leader Mikhail Gorbachev's Asian initiative, sources close to the talks here said Thursday.

Mr. Sattar, who is in Beijing on a four-day visit, met Wednesday with Chinese Deputy Foreign Minister Liu Shuqing for an exchange of views on regional and international issues that included discussion of Mr. Gorbachev's announced partial pullout of troops from Afghanistan, the sources said.

Each side reaffirmed previously announced views on Mr. Gorbachev's speech in Vladivostok on July 28, with China saying that it was encouraged but awaiting concrete developments and Pakistan repeating that the key to a political settlement in Afghanistan was early withdrawal of foreign troops, the sources said.

The sources, who asked not to be identified, said the meeting was the first in a planned series of regular exchanges of views on foreign affairs at the secretarial level which would take place annually, the schedules of the ministers permitting.

Mr. Sattar was to have a courtesy meeting Thursday with Chinese Foreign Minister Wu Xueqian and return to Pakistan on Friday, the sources said.

Comments on Afghan Issue

OW201439 Beijing XINHUA in English 1429 GMT 20 Aug 86

[Text] Beijing, August 20 (XINHUA) — Chinese Vice-Minister of Foreign Affairs Liu Shuqing and Pakistani Foreign Secretary Abdul Sattar, held talks here today to exchange views on the Afghan problem, the regional situation and bilateral relations.

During their talks, Sattar said that the key to a political solution to the Afghan issue lies in the early withdrawal of foreign troops from Afghanistan.

Liu expressed appreciation for Pakistan's just stand on the Afghan issue and its humanistic aid extended to some three million Afghan refugees.

They both expressed the hope that the South Asian nations would maintain good neighborliness and strengthen regional cooperation to promote peace, stability and the development of their region. They also expressed satisfaction with the friendly relations between China and Pakistan, and agreed to make further efforts to promote friendship between the two countries.

Liu hosted a dinner for a delegation from the Pakistani Foreign Ministry led by Sattar, here this evening. The Pakistani delegation arrived here yesterday.

PRC ELECTED TO INDO-PACIFIC MEDICINE CONGRESS

OW171004 Beijing XINHUA in English 0828 GMT 17 Aug 86

[Text] Colombo, August 17 (XINHUA) -- China has been elected council member of the Indo-Pacific Congress on Legal Medicine and Forensic Science which is meeting here from August 14 to 18.

At a council meeting of the congress last evening, Lin Weixin, member of the Standing Council of the Chinese Society of Forensic Science and director of forensic laboratory of the High People's Court of Shanxi Province, was elected vice-president, and Liu Yao, member of the Standing Council of the Chinese Society of Forensic Science and deputy director of the Institute of Forensic Science of the Public Security Ministry of China, elected member of the council of the congress.

The second congress meeting was attended by more than 130 representatives from 38 countries all over the world. It recieved over 3,000 theses on legal medicine and forensic science.

Forensic medicine has a long history in China, dating back to the 13th century. "The Washing Away of Wrongs" written by great medical examiner Song Ci of the Song Dynasty and published in 1247, was widely recognized as the oldest classics on forensic medicine in the world. It has been published in 19 versions and in six languages.

Due to various historical reasons, however, the Chinese forensic medicine progressed rather slowly in modern history.

Since the founding of New China, the Chinese Government has paid great attention to forensic medicine and taken many important measures to develop it. The ranks of medical examiners have been growing steadily and many works on forensic medicine have been published.

The Foresic Medicine Society of China which was set up last October, sent its first delegation to take part in the Indo-Pacific Congress. The Chinese representatives submitted three theses at the first day meeting to the great interest of the participants.

Sri Lankan President J.R. Jayewardene received the Chinese representatives and had a friendly conversation with them after the inaugural meeting.

SONG PING GREET'S HUNGARY'S LAJOS FALUVEGI

OW210656 Beijing XINHUA in English 0634 GMT 21 Aug 86

[Text] Beijing August 21 (XINHUA) -- Lajos Faluvegi, vice-chairman of the Council of Ministers and Chairman of the National Planning Office of Hungary, arrived here this afternoon by a special flight for a friendly visit to China.

He was greeted at the airport by Song Ping, Chinese state councillor and minister in charge of the State Planning Commission.

During his visit in China, Faluvegi will discuss with Chinese economic officials the economic situation and planning administration in the two countries and bilateral economic, technological cooperation.

Faluvegi is scheduled to hold talks with Song Ping tomorrow.

EAST EUROPEAN COUNTRIES SUPPORT USSR MORATORIUM

OW210145 Beijing XINHUA in English 0047 GMT 21 Aug 86

[Text] Bucharest, August 20 (XINHUA) -- Romanian President Nicolae Ceausescu today welcomed the Soviet Union's new nuclear test moratorium and appealed to the United States for positive response, the official news agency AGERPRES reported.

He said that he hoped an acceptable agreement will be reached this year between the two superpowers. A stop to nuclear tests will show the sincerity for ceasing the arms race, he added.

He stressed that all peace-loving forces should make further efforts for all-round arms reduction.

Governments and media of other Eastern European countries, including Democratic Germany, Czechoslovakia, Bulgaria and Poland have also voiced their support for the moratorium.

The Soviet Government announced Tuesday it would extend its moratorium on nuclear test till January 1, 1987. The moratorium began on August 6, 1985, and was extended twice till August 6 when it expired.

BANKRUPTCY WARNING SAVES HUBEI RADIO FACTORY

HK200407 Beijing RENMIN RIBAO in Chinese 13 Aug 86 p 2

[Newsletter by Cao Siyuan: "Rising With Force and Spirit After Having a Good Cry -- The Choice Made by the Wuhan Radio Plant No 3 After a Yellow-card Warning"]

[Text] The Shengyang Explosion-proof Equipment Plant has declared bankruptcy. However, the Wuhan Radio Plant No 3 which received a "yellow-card" warning at almost the same time has "fought to survive, after confronting the danger of death," as the ancient Chinese military strategists said.

In early 1984, after reading a "tentative plan for enacting a law on enterprise bankruptcy" at a meeting celebrating the establishment of the Chinese Research Society of Urban Science, Wu Guan, mayor of Wuhan, immediately said that this was a good method of eliminating the less advanced through competition and promoting competition and that he would like to try this out in Wuhan.

In March 1985, the Bureau of Electronics and Industry in Wuhan submitted a report to the city economic commission, asking to merge the state-run Radio Plant No 3 which had been suffering heavy losses for many years with the Radio Antenna Factory which was yielding good economic results. The city Economic Commission maintained that the practice of "letting the poor eat the rich" should not be followed any more. With the approval of the leaders of the city CPC Committee and government, they decided to adopt the method of "giving Radio Plant No 3 eighteen months to save itself from bankruptcy." This decision was made on 21 June 1985 and published in CHANGJIANG RIBAO the next day.

Wuhan Radio Plant No 3 has nearly 1,000 workers and staff and its net value of fixed assets is 3.38 million yuan. From 1982 to 1984, due to market changes and an inability to meet emergencies, this plant made several wrong decisions, resulting in frequent operational losses and heavy debts of as much as 4.7 million yuan. In fact, it had come to the brink of bankruptcy.

Receiving a "yellow-card" warning from the city government, many comrades in Radio Plant No 3 found it hard to accept the fact. While a dozen middle-level cadres were sulkily drinking together, one of them said emotionally, "I have been working for the plant for over 20 years and I never expected it to go bankrupt." Affected by his sorrowful remarks, they could not help having a good cry.

As the long-term practice of the "iron rice-bowl" had made quite a few workers and staff feel that "the loss of the enterprise had nothing to do with them," no harsh criticism could break this mentality of "peace." Nevertheless, "a sudden wind makes ripples in a pool of spring water." No sooner had the yellow-card warning "against bankruptcy" been issued than the creditors came up to press for repayment, a number of enterprises which had long-standing relations of supply and demand for products with the Plant No 3 canceled their orders, and even hospitals refused to accept the "3-page medical treatment credit bill" for fear of accepting bad cheques. The workers and staff said emotionally, "We just cannot blame the snobbish attitude of others. It is we who should be blamed for being on the brink of bankruptcy and losing all our credibility!" Within only a few days, the workers and staff came to understand that their personal gains and honor are closely related to those of the enterprise. It was the leaders of the plant who first decided to make a radical change. [paragraph continues]

Through an extensive market investigation, they decisively readjusted the product structure, stopped the trial production of cassette recorders, vigorously developed electronic products used in construction and promoted those lateral combinations focusing on priority products.

Showing concern for the market is no longer the exclusive business of the plant director and the supply and demand section. The workers and party and administrative cadres also show concern for it now. This May, the staff working in the office of the party general branch of the plant also informed the plant director that the market needed radio toys for children. After conducting an in-depth investigation, the plant promptly arranged the production of a small quantity of these toys which sold very well around the "June 1" Children's Day.

Just like "deploying troops in such a way as to leave no room for maneuver or route for escape so that the soldiers will fight for dear life out of desperation and eventually win the battle," the desperate struggle of Radio Plant No 3 has rapidly changed the situation. As compared with the first half of 1985, in the second half of 1985 the sales volume increased by 100 percent and losses decreased by 61.6 percent. Beginning this March, they made up their deficits and increased surpluses at last.

The workers and staff now view things in a broader perspective. Since this plant owed a great many welfare debts and no bonus had been issued for years due to operational losses, the workers and staff naturally had living difficulties. Nevertheless, of the over 200 motions proposed in the representative congress by the staff and workers in the whole plant, most were related to production, technology, and quality. There were only 15 motions pressing for an improvement in welfare and remuneration.

Now, 1 year after the "yellow-card warning" was issued, the leaders of the Wuhan Radio Plant No 3 fully appreciate that "the decision of the city government to force us to consolidate our enterprise within a definite time to save it from bankruptcy was correct. Our plant would not have been invigorated without this pressure."

RENMIN RIBAO Commentary

HK200745 Beijing RENMIN RIBAO in Chinese 13 Aug 86 p 2

["New Talk" column by Gong Yunong: "Confronted With the Danger of Death, a Person Will Fight to Survive"]

[Text] Chinese military strategists often said that "Confronted with the danger of death, a person will fight to survive." Surprisingly, this can also apply to the socialist economic construction of today. A large enterprise which had suffered operational losses for years in spite of the efforts to make up its deficits was forced to fight to survive after receiving a "yellow-card warning." The changes in the Wuhan Radio Plant No 3 are both gratifying and thought-provoking.

After receiving the "yellow-card warning," a dozen of its cadres had a good cry. This is very gratifying indeed. Just think! How many cadres have you ever met in our decade-long socialist practice who would weep bitterly at the humiliations and crises of their enterprises? The enterprises, in particular the state-run enterprises, had become used to eating from "the same big pot" of the state. [paragraph continues]

As the state would make up their deficits and repay their debts, they did not care how many losses the state suffered, as long as the enterprises, cadres and workers and staff themselves did not incur losses. Precisely because of this unnecessary feeling of excessive security, people tended to become apathetic and enterprises made little progress. Now, faced with the pressure of the "yellow-card warning," the cadres of this enterprise rise with force and spirit after having a good cry. Is this not a new and gratifying phenomenon in Chinese economic circles?

In fact, those enterprises which having been suffering long-term losses and relying on "blood transfusions" to survive and whose debts exceed their assets, have already landed themselves in a "predicament." They are now doing a disservice to both the state and themselves. The application of the law on enterprise bankruptcy will structurally put those enterprises on the brink of bankruptcy "in danger of death" and make them aware of their "predicament," so that they will conduct a desperate struggle and "find rescue in desperate circumstances." Notwithstanding that some enterprises really would go bankrupt as did the Shenyang Explosion-proof Equipment Plant, more enterprises would start a new life spurred on by the new system, just like the Wuhan Radio Plant No 3.

RENMIN RIBAO RESISTING FEUDAL INFLUENCE

HK190945 Beijing RENMIN RIBAO in Chinese 15 Aug 86 p 5

[Article by Su Shaozhi "Reform of the Political System and Opposition to the Influence of Feudalism"]

[Text] In 1980, Comrade Deng Xiaoping made a proposal on the reform of the political system. During a recent meeting with the Korean party and government delegation, he again pointed out the necessity of carrying out certain political reforms. The practice of China's reform over the years has proved that it is absolutely necessary and imperative to conduct a study of the current reform of the political system.

Since the reform of the economic structure started in 1978, we have made some breakthroughs and achieved remarkable successes. However, we have not yet carried out reforms in the corresponding political, social and cultural fields. The problems in the political system and ideological field have somewhat hindered the development of the reform of the economic structure. China's leaders and masses have realized that without the corresponding reforms of the political and other without the corresponding reforms of the political and other systems, it would be impossible to develop the reform of the economic structure in depth and to consolidate the successes achieved. It is far from enough to have modernization merely in industry, agriculture, science and technology, national defense, and other material fields. We must also have ideological modernization and modernization of the political system and social culture.

Social and political factors can produce a great impact on the economy. This is particularly true in a socialist society. When the economic factor that hinders social development is eliminated, the political factor may at a certain stage become an essential factor that hinders economic development. The outdated political and ideological conventions of bureaucratism are usually the main obstacles to reform. In the study of political economy, we should conduct comprehensive research and never neglect the social, political, and cultural factors. The problem encountered in the current reform is not due to the introduction of market mechanism.

The fundamental question is that we have not fully ensured the people's rights to take part in political affairs, to speak, and to make policy decisions. Although these democratic rights of the people are stipulated in explicit terms in the Constitution and have been reiterated by the leading comrades of the CPC Central Committee, there is still a lack of institutionalized provisions. The realization of democratic social life, which is the inevitable demand of the development of the socialist society, has been put forward on the basis of summing up historical experience. The establishment of a political system with a high degree of democracy is precisely the main target we must attain by means of the reform of the political system.

We should carry out the reform of the economic structure after 1978 because we had the decision of the 3d Plenary Session of the 11th CPC Central Committee which raised the call "emancipate the mind and seek truth from facts" and smashed the fetters of dogmatism. Would it have been possible to carry out the reform during the period of the "Cultural Revolution" or when the "Whatever" prevailed for a time? We summed up the experience and lessons of the past and carried out a series of reforms in the political system. For example, we opposed all forms of personality cult and overcentralization of power, particularly centralization of power by a single person, and abolished the system of lifelong tenure of office. We called for making the People's Congress a genuine organ of power. We proposed elections with candidates exceeding the number of seats and direct election of the People's Congress at and under the county level. Consequently, the reform of the economic structure came into being. Nevertheless, our failure to carry out the political, social, and cultural reforms in an all-round way hindered the further development of the reform of the economic structure.

Some comrades believe that the unhealthy trend is an essential factor that has adversely affected the economic reform and discredited our reform. This gives rise to the following controversy: How did the unhealthy trend come into being? Marxism holds the internal causes are the decisive factors, while external causes become operative through internal causes. Viewed from China's conditions, the intrusion of decadent capitalist ideas and style are the external causes, while the internal causes lie in the pernicious influence of feudalist ideas in the political, economic, cultural, social, and ideological fields.

China is a country with a feudal history of 2,000 years and the feudal autocratic empire dominated the country for a long time. Although monarchism was abolished long before liberation, the influence of feudalism did not weaken. After liberation, the task of eliminating the remnants of feudalism in the ideological and political fields was not accomplished. In the course of the current reform, it is a pressing matter to eliminate the pernicious influence of feudalism in the political, ideological, and cultural fields. Moreover, it is the premise of the reform of the political system.

The influence of feudalism in the ideological and political fields is first expressed in privileges. The prevailing unhealthy trend, such as party and government cadres and their children engaging in commercial businesses and appointing people by favoritism, are without exception related to privileges. Moreover, such privileges are tinged with feudalism. Doing business and appointing people in such ways are by no means the enterprising spirit of capitalists or the relations of commodity of capitalism, but making use of feudal remnants to undermine the national economy and impair the prestige of our party.

Apart from hindering social construction and development, privileges are also expressed in cultural autocracy in the cultural field. Cultural autocracy existed prior to the "Cultural Revolution" and particularly during the "Cultural Revolution." [paragraph continues]

Following the 3d Plenary Session of the 11th CPC Central Committee and even today, we cannot say that the remnants of cultural autocracy are totally eliminated. With the efforts made by the leading comrades of the central authorities to create a democratic, equal, and consultative political environment, a fine situation has appeared for a hundred schools of thought to contend. We must continue to work hard and eliminate the remnants of cultural autocracy so as to further develop our science, academic research, literature and art.

The pernicious influence of feudalism in the ideological and political fields has "spoiled the form and appearance" of many good reform methods. Consequently, the methods create difficult problems rather than bring about good results. For example, the main characteristic of economic reform is to develop commodity economy. It is a fine thing that the commodity economy has impinged on the highly centralized, rigid system. When the pernicious influence of feudalism is not yet eliminated, however, the remnants of feudalism have taken advantage of the commodity economy; this is manifested in cadres and their children engaging in commercial businesses. In doing businesses in such a manner, the practices of abusing power to give the green light to one's subordinates, grant loans, illegally import and export goods, and resell foreign exchange and commodities in short supply have seriously hindered and undermined the socialist economic construction and reform of the economic structure.

In the following example, the reward system, though a good method for carrying out distribution according to work, has also been deformed under the remnant influence of feudalism. Bonuses are actually part of the surplus products. Only by creating more products and making more profits can we issue bonuses from extra profits. As a matter of fact, bonus had nothing to do with "reckless issuance." However, it has been "deformed" under the influence of small farmer mentality characterized by egalitarianism. Consequently, bonuses became an egalitarian distribution and a pay increase in disguise, which had led to loss of control of consumption funds and failed to stimulate production.

Another manifestation of the influence of feudal autocracy in the ideological and political fields is the attitude toward knowledge and intellectuals. Respect for official rank outstripping respect for knowledge has become the major obstacle to our modernization program. "Respect" here refers to satisfying the spiritual and material needs of intellectuals. As the intellectuals are treated with contempt both politically and economically, those with outstanding achievements intend to become officials, thus causing an outflow of talented people. Naturally, it is beyond reproach for those who want to become officers. We actually need some outstanding young people to engage in administration. Young people have new knowledge and the courage to fight against the force of habit. It is a good thing if they are truly willing to serve as the people's servants. Nevertheless, the situation indicates another social crisis, that is, disrespect for knowledge and intellectuals may lead to a retrogression of culture, education, academic research, art, and science and technology. Whether we judge from a long or short term point of view or from a macroscopic or microscopic viewpoint, it is extremely harmful to our modernization program. This matter, which is of strategic importance, merits great attention.

Another manifestation of feudalism is the so-called "network of relationships," namely, the relations between father and son, between relatives, and between the higher and lower levels outstripping the normal economic relations and relations of benefit, thus inevitably giving rise to subjectivism and sectarianism in making use of personnel and to appointing people by favoritism. Usually, when a leading cadre takes a fancy to a certain person, he may promote him. Even if the person promoted makes no contributions or neglects his duty, the recommender does not have to undertake any responsibility. [paragraph continues]

The focus of our recruitment system is usually on the likes and dislikes of leading cadres, and the people recruited or promoted are those considered "reliable" by the leading cadres. This system brings forth many mediocrities. The crux of the matter lies in a lack of democracy and a perfect electoral system. We must encourage competitiveness among the candidates and let the voters take their choice in election. The methods of candidates exceeding the number of seats and running for election are recommended because they are competitive and the voters may make their choice.

The influence of feudalism is also manifested in the information transmission setup. This is a serious problem, because there is only a vertical channel in information transmission running from top to bottom. Thus, it is difficult to make the situation at the lower levels known to the higher levels. In addition, the policy decisions are usually the decisions of leading cadres. The policy decision setup is closely related to the information transmission setup. Instead of having several layers, our policy decision setup runs from the central authorities down to the grass-roots level, which is disadvantageous to giving full play to the initiative and creativity of the people and organizations at various levels. Owing to the influence of the small production economy and feudal society that lasted for several thousand years; to the backward science, culture, and education; and to a lack of perfect democracy and legal system, we have not yet established a set of policy decision systems and procedures and a supervisory and feedback system for making policy decisions. Leading cadres make policy decisions without impediment in light of their personal experience and such practices are still very common. This is also a prominent manifestation of the influence of feudalism. As this situation has lasted for many years, it is imperative to put an end to such a state of affairs. It is an important task of the reform of the political system to increase the democratic and scientific nature of the policy decisions.

The failure to define the main force of the socialist society is another manifestation of the influence of feudal autocracy. Are the people or leaders the main force of the socialist society? In our speeches and concepts, the leaders rather than the people are regarded as the main force. For example, when the people's delegates are interviewed, instead of making comments or suggestions on behalf of the people, some delegates may first say: I am deeply grateful to the party for placing trust in me. I will seriously study the report of so-and-so leading cadre. Thus, the relationship between master and servant is reversed. Here is another example: During the feudal period, it was the utmost expectation of the populace to become "sages, men of virtue, and upright magistrates." This idea, which negates people as the main force, is still deep-rooted among the masses. The terms we often use also indicate the problem. Take the term "listen attentively to the opinions of the masses," for example. It seems that certain persons should stand high above the masses and it would be pretty good for them to listen to the people's opinions. All this shows that the idea "the people are the main force of the socialist society" has not yet taken root in the hearts of the masses.

Since the influence of feudal remnants has affected our country in many ways, we must teach everyone to distinguish, sort out, and wipe away such influence. This is an obligatory course in the reform of the political system. Political and cultural conditions are extremely important in socialist countries. Without fine political and cultural traditions, particularly without democratic political and cultural traditions, it will be impossible to implement the system and laws, no matter how perfect they are. This is quite obvious in China. For example, the Constitution was solemnly drafted long ago and later revised on several occasions. The Constitution clearly stipulates the fundamental rights and duties of citizens; the freedom of speech, of the press, of assembly, of association, of procession, of demonstration, and of religious belief; and that the personal dignity of citizens is inviolable. [paragraph continues]

From the very beginning, the Constitution also stipulated that all power belongs to the people. Nevertheless, the practices of defying and violating laws are quite common. If you criticize a person for violating the Constitution, many people may treat you as a pedant. All this is due to a lack of democratic political and cultural traditions. Therefore, without a fundamental ideological transformation, it would be impossible to carry out the reform as a whole, including the reform of the political system.

We should encourage deliberations and discussions on the reform of the political system and should not be afraid of dissident views. Dissident views are an objective fact. Usually, these views are not made public. We are used to the practice of seeking unity of thinking on all affairs. In my opinion, this is not objective. In light of their own interests, different strata, groups, and individuals may hold different views on a certain matter. How can we insist on seeking unity of thinking? As we are Marxists, we should not be afraid of criticisms. We will be able to achieve better results in our work so long as we encourage free airing of views, carry out discussions calmly, make a careful analysis and study of the dissident views, take the interests of various parties into account, and seek the best solution.

Reform is a revolution. We are confronted with a series of historical tasks. We must do things never undertaken by our forefathers. For this reason, we should encourage bold explorations. Who dares say that his views will be absolutely correct? Therefore, we should conduct investigations and studies, broaden our field of vision, courageously make proposals, and carry out discussions democratically and equally. On this basis, we should democratically and scientifically make the best policy decisions so as to push reform forward. The crux of the matter lies in fully carrying out inner-party democracy. Without inner-party democracy, there would be no people's democracy and it would be impossible to make the best democratic and scientific policy decisions for reform. It is the inevitable historical trend of the reform of China's political system to resist the influence of feudalism in the political and ideological fields and to gradually realize a high degree of democracy.

JINGJI RIBAO URGES ATTENTION TO QUALITY CONTROL

HK201415 Beijing JINGJI RIBAO in Chinese 15 Aug 86 p 1

[Editorial: "The Most Important Thing Is the Question of Quality"]

[Text] The drop in the quality of industrial products has aroused the wide-eyed attention of all society. Today this paper published a news report disclosing that the "Snowflake" brand refrigerator, a once much sought-after commodity, had become a drag on the market. What is worse, the fame of not a few brand name commodities is now withering. For example, products of China's first well-known Elevator Company Limited have repeatedly caused heavy casualties because of their inferior quality. We must on no account regard these problems as unimportant.

Quality is life of an enterprise. Does this basic concept of quality develop well in the minds of cadres working at economic departments and of workers engaged in production? As the situation in the Elevator Company Limited and in the Beijing Refrigerator Plant shows, this concept has not been built up yet. Considering the country as a whole, we also think the concept is far from being built up. [paragraph continues]

The quality of our industrial products has been declining for 3 years running; the situation has not fundamentally improved so far. In the first half of this year, one-third of the quality index set by the state for major industrial products went down, while one-third of the quality of industrial products spot-checked by the state was not up to standard. The two "one-thirds", once again, remind us that we should not stress the quantity of products alone and neglect their quality. What is most important at present is the question of quality. We should not disregard the decline of industrial product quality.

If we say that the drop in the quality of industrial products in the 4th quarter of 1984 was mainly due to the overly large scale of investment in fixed assets, the sharp increase in consumption funds, and the blind pursuit of output value and high growth rate in some areas and departments, then the emergence of the two "one-thirds" in the first half of this year was, aside from some objective factors, mainly because leaders of some areas, departments, and enterprises failed to seriously treat the quality of products, a question which has a bearing on the existence and reputation of an enterprise.

The question of quality is of vital importance to the success or failure of the four modernizations and of the economic structural reform. It is an important criterion for examining whether an enterprise adheres to the socialist orientation in management and assessing the correctness of our guiding ideology for economic work. Production of shoddy goods results in enormous waste of social labor and wealth, cheats domestic consumers right and left, adversely affects our exports, and impairs the prestige of our country. In short, it diverts from the primary purpose of socialist production. All our economic work must be held responsible to the state and people. The question of quality is not only an economic but also a political one. We should approach this question from such a high plane and should not regard it as a trifling matter.

While making efforts to wrestle with the question of quality, why cannot we shy away from it? The tendency of blindly pursuing output value and growth rate and neglecting economic results by some comrades has not been smothered but has gained ground again; they set the quality of products against output value and growth rate. We must raise a cry of warning to these comrades: In saying economic results, we refer to the economic results of the whole society in the main and do not mean the immediate and partial interests of a certain area or enterprise, still less we fairly equate economic results with output value or profits. We must achieve better economic results on the condition that quality must be guaranteed. The most important thing for an enterprise is quality. If an enterprise cannot guarantee the quality of its products, its economic and technological targets have no foundation to rest upon and it is absolutely impossible to achieve better economic results.

To augment the quality of industrial products, we must make tremendous efforts. A pressing matter is, by administrative means, to examine and consolidate the enterprises producing products of inferior quality. Those involved in cases of a grave nature should be ordered to stop production within a certain time and be allowed to resume production when their products are up to standard. From a long-term point of view, we must create a certain economic environment, perfect market mechanism, and gradually build up a "buyers' market" where consumers can make a good choice of commodities so that enterprises will come under pressure to compete with each other and give an impetus to the quality of their products.

The socialist economy is a planned commodity economy based on public ownership. While strengthening political and ideological work, we have every possibility of applying administrative, economic, technological, and legal means to encourage enterprises to augment the quality of their products. Leaders at various levels who have, all along, paid no attention to the quality of products and do not carry out reforms in earnest should be seriously dealt with. Cadres who attach great importance to quality should be promoted to leading posts. Only by so doing will we be able to put an end to the backward features of our product quality and make big progress in improving it.

EXCESSIVE CAPITAL INVESTMENT PUZZLES PLANNERS

HK210041 Beijing CHINA DAILY in English 21 Aug 86 p 2

[By staff reporter]

[Text] Excessive capital investment will remain a hard nut for China's economic planners to crack for years to come.

And although they realize the heat must be cooled in favour of steady, balanced economic development, they seem unsure where to pour the water.

During the first half of this year, the country's capital investment totalled 48.9 billion yuan, an increase of more than 17 percent over the same period last year. The growth of industrial production and national income, on the other hand, is only 4.9 and 1.5 percent respectively.

The situation is expected to further deteriorate in the second half of this year, when the country strives to achieve the targeted 7 or 8 percent increase in industrial production. For most companies, production growth can be achieved only through bigger investment.

If the situation continues, it will be very difficult to fulfil the 165 billion yuan capital investment target set for the first two years of the Seventh Five-Year Plan (1986-90), an official of the State Statistics Bureau warned yesterday.

The official said continuing 'overheated' capital investment was partly due to a one-sided way of exercising control.

While trying hard to control investment in setting up new businesses, the official said, most planners tend to take a laissez-faire attitude toward investment in existing ones.

As a result, investment in new industrial projects grew by less than 8 percent during the first half of this year, and investment in existing factories increased by 45 percent. But 46 percent of the investment in existing factories went toward expanding production scale instead of upgrading technology.

Lack of a unified investment supervision system is also to blame, the official said. The State Planning commission directs investment in new State projects, and the State Economic Commission supervises investment in technological upgrading in State-owned industries.

'HEALTHY BALANCE' REPORTED IN INDUSTRIAL OUTPUT

OW201150 Beijing XINHUA in English 1014 GMT 20 Aug 86

[Text] Beijing, August 20 (XINHUA) -- Fine tuning of China's industrial structure has continued the healthy balance between heavy and light industry, the State Statistics Bureau said today.

Light industry produced 49.7 percent of output value during the first half of the year, it said, with heavy industry accounting for the remaining 50.3 percent.

In light industry the output value of non-agricultural products increased by 10.1 percent, with that of agricultural products only increasing by 4.5 percent.

"This is good because agriculture is dependent on unpredictable weather conditions," it said.

Heavy industry is much the same, with output values from mining and raw materials increasing 4.8 percent and 9.8 percent respectively, surpassing the 2.2 percent rate for the processing sector.

"This can help invigorate China's relatively weak natural resources industry," it said.

ZHENG TUOBIN FORWARDS 'NEW DEMANDS' FOR XIZANG

HK200913 Lhasa Xizang Regional Service in Mandarin 1130 GMT 20 Aug 86

[Text] On the afternoon of 18 August, accompanied by regional people's government Vice Chairman Mao Rubai and regional people's government Secretary General Wang Guanxi, all members of the Xizang Investigation Work Group of the Ministry of Foreign Economic Relations and Trade, who have come to our region to inspect and guide work, went to the Lhasa Theater to visit responsible comrades and representatives of workers of the economic and Trade System and Commodity Inspection Department of our region.

Responsible comrades of the regional foreign trade company, regional industrial products wholesale company, and Lhasa City Foreign Trade Company reported to Zheng Tuobin, minister of Foreign economic relations and trade, the situation in procuring livestock products, in border trade, and in trade with neighboring countries.

After listening to the reports, Minister Zheng Tuobin put forward new demands on the future foreign economic relations and trade of our region. He said: In Xizang's foreign trade, 1) it is necessary to raise the economic results; 2) it is essential to increase the rate of export of commodities. It is imperative to speed up the development of agricultural and sideline products, to develop lateral economic ties, and to strengthen joint capital and joint operation projects with fraternal provinces and regions. He hoped that the comrades of our region who engage in foreign economic relations and trade would work hard, earn more foreign exchange, and make more contributions toward national construction.

Lastly, on behalf of the party group and leaders of the Ministry of Foreign Economic Relations and Trade, Minister Zheng Tuobin extended his regards to the cadres and workers of our region who engage in economic and trade work.

RENMIN RIBAO ON TACKLING UNHEALTHY TRADE

HK150837 Beijing RENMIN RIBAO in Chinese 11 Aug 86 p 1

[Commentator's article: "Tackle Problems in a Comprehensive Way -- Fourth Commentary on Rectifying the Unhealthy Trend of a Trade"]

[Text] In order to eliminate environmental pollution, it is necessary to tackle the long-standing problems in a comprehensive way. This experience is also applicable to the checking of unhealthy trends. The unhealthy trends in a trade that degrade people's souls, poison public relations, and corrupt social values are the pernicious social effects of pollution. The experiences of many localities and departments show that it is imperative to tackle unhealthy trends in a comprehensive way.

As the Chinese saying goes, "one cold day does not make the river freeze three feet deep." The unhealthy trends in trades are a long-standing problem. The so-called criticism of "revisionist controls, checks, and suppression" launched during the "Cultural Revolution" undermined many of our good systems and work styles. Consequently, the unhealthy trend of "taking advantage of a trade to seek personal gain" spread unchecked. As the broad masses have earnestly called for curbing of unhealthy trends in recent years, the leading organs at various levels have made great efforts and have obtained some positive results. However, the palliative measures taken cannot effect a permanent cure.

True, the unhealthy trends in a trade are related to the thinking and work style of the employees. However, it has become a "trend" not because of the dishonest practices of certain individuals, but because of various complicated social reasons. It will be ineffective to rely merely on the righteous, open condemnation of such social practices that exist universally. The problem can be solved only by adopting scientific and effective measures. Therefore, we should seriously conduct overall investigation and study, examine the manifestations, causes, impact, and harm of the unhealthy trends in each trade, and seek effective ways to tackle the problem in a comprehensive manner.

While tackling the problem, we should alleviate the symptoms as well as effect a permanent cure. It is necessary to duly punish the people indulging in unhealthy trends. Nevertheless, we cannot put an end to unhealthy trends by merely punishing a few people. The crux of the matter lies in improving the ideological and professional quality of the vast numbers of employees. While recruiting staff members and cadres over the years, many trades failed to offer strict, special training, and to conduct examinations. As a result, many staff members did not have a rudimentary knowledge or understand the rules and ethics of the trade and they lacked the spirit of serving the people, though they had worked for several years. "Taking advantage of a trade to seek personal gain" was regarded as a matter of course, while those who refused to abuse power to seek personal gain were looked upon as "fools." Aiming at such circumstances, besides training and assessing the proficiency of new employees, we should also strengthen education in ideals, discipline, policies, the legal system, and professional ethics among those already employed so as to gradually foster new socialist customs for each trade.

Another reason for the existence of unhealthy trends in trades is that some trades do not have strict rules and regulations. Other trades have rules and regulations, but they lack strict supervision and inspection, so the rules and regulations are mere scraps of paper. In view of this situation, on the one hand, we should lay down rules and regulations according to the characteristics of each trade and in light of links where unhealthy tendencies may easily arise; and on the other hand, we should exercise strict supervision and examination. [paragraph continues]

Those who violate the rules and regulations should be punished according to discipline. Apart from exercising supervision from top to bottom, it is even more important to exercise extensive internal and external social supervision. "When there is a leak in the roof, those beneath can feel it." The customers can clearly see and recognize the unhealthy trends in a trade which they are utterly disgusted with. They are the powerful force for checking unhealthy trends. In recent years, measures have been taken to examine and check the unhealthy tendencies in many trades precisely because they have been exposed and opposed by the customers. Facts have proved that relying fully on the masses and society is the guarantee for checking the unhealthy trends in a trade.

As each trade in society is tied to the others in a hundred and one ways, the unhealthy trends in a trade may infect others. Some time ago, when certain localities were taking measures to check the unhealthy trend of commercial departments trying to sell famous-brand, quality commodities in combination with inferior ones, they found that the trend came from some factories and enterprises. This typical example shows that it will be impossible to check the unhealthy trends if we take action merely in a small number of trade rather than in the majority, and if we sharply criticize the unhealthy trends in other trades but shield those of our own. The checking of unhealthy trends can also be regarded as social system engineering which requires all trades to take action, to exercise supervision over each other, and to coordinate and help each other forward.

Unswervingly carrying out reform is the fundamental way to tackle the problem in a comprehensive manner. After summing up their recent experiences, Beijing and other localities discovered that the attitude of the service trades changed from time to time, which was related to reform (particularly the reform of the distribution system): The services were fine when reform developed smoothly, but became bad when reform encountered obstacles. This experience is characteristic. The reform of some trades has just started, which has played a positive role in checking the unhealthy trends. On the whole, however, reform is not yet perfect. Only by vigorously developing the reform of various trades and professions and gradually carrying out the corresponding reforms can we arouse the initiative of the broad ranks of cadres and masses and eliminate the conditions on which the unhealthy trends depend for survival.

Naturally, we should also admit that the emergence of unhealthy tendencies is related to the low development level of our service trades, which is far from satisfying the people's needs. It is obvious to all that the shops selling sought-after goods and the trades offering services which the masses badly need are actually hiding places for the unhealthy trend of abusing power to seek personal gain. For this reason, the fundamental way to thoroughly check unhealthy trends is to pay close attention to reform and accelerate the development of the productive forces and the service trades.

23 ECONOMIC COORDINATION NETWORKS SET UP

OW190744 Beijing XINHUA in English 0727 GMT 19 Aug 86

[Text] Beijing, August 19 (XINHUA) -- China has set up 23 interprovincial economic coordination networks to exchange vital information on development. An official of the State Economic Commission told XINHUA today the networks, organized on a voluntary basis, "have contributed to economic prosperity in many areas." Originating in the country's major cities, the networks connect committees of provincial leaders who share information involving the economy, finance, culture and science.

HU URGES YOUNG INTELLECTUALS TO TEACH SOCIALISM

OW151106 Beijing XINHUA in English 1049 GMT 15 Aug 86

[Text] Beijing, August 15 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang today called on China's young intellectuals to devote themselves to the cause of the country and the people in disregard of their own interests.

Hu made this remark at a meeting in the Great Hall of the People to welcome the first batch of young party and government cadres who have been sent to 22 provinces to help train primary and middle school teachers and to honor the second batch who will soon leave the Chinese capital.

The general secretary addressed a similar rally a year ago in honor of the first batch of cadres going to other provinces. In his speech, he expressed his hope that the young intellectuals of the country should be good at integrating their lofty communist ideals with the practical goals, their personal interests with the interests of the people and combining book knowledge with the practical knowledge.

In today's speech, he praised the 3,250 members of the first batch, saying that they have fulfilled their task of helping train local primary and middle school teachers and have done a lot of other good things for the local people.

"You have set a good example for the whole society to respect teachers and the teaching profession," he said.

He went on to note that the building of a powerful socialist China in the next several decades calls for the arduous efforts of several generations. In the process, there are bound to be difficulties and it is hard to avoid mistakes.

Without this mental preparation, he said, people may become disappointed with difficulties that might occur and begin to lose heart.

He asked the young intellectuals to be confident of the great cause they are working for and keep on fighting in spite of all setbacks.

The general secretary urged all cadres of the party and the government to serve the people whole-heartedly, correctly handle their personal interests and the interests of the people and be willing to sacrifice their own interests for the sake of the people's interests.

He also urged them to broaden their views, go to the grass roots and work creatively at their ordinary posts.

He called on the young people to learn to understand the masses of the people through the prolonged, repeated personal practices and to use their knowledge of the basic Marxist theories and modern science to solve actual problems in the socialist modernization and the on-going economic reform.

MONUMENT WITH HU YAOBANG'S INSCRIPTION ERECTED

SK160141 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 15 Aug 86

[Text] A monument with the inscription by Comrade Hu Yaobang, reading "the Heroic First-Line Sentry Post in the East," was erected in (Wusu) Town in Fuyuan County on 14 August, Sun Weiben, secretary of the provincial CPC Committee; Liu Jingsong, commander of the Shenyang Military Region; and Liu Zhenhua, political commissar of the Shenyang Military Region, made a special trip to (Wusu) Town to participate in the inauguration ceremony.

This monument is 215 meters high, and is made of blackish green marble. Stationed here are the troops of the first-line sentry post in the eastern part of our country. In 1984, when Comrade Hu Yaobang inspected the Sanjiang Plain, he wrote the inscription, which reads "the Heroic First-Line Sentry Post in the East."

WUHAN, OTHER CITIES TO MARK SUN YAT-SEN BIRTHDAY

OW181555 Beijing XINHUA in English 1443 GMT 18 Aug 86

[Text] Wuhan, August 18 (XINHUA) -- Two bronze statues of Dr. Sun Yat-Sen in this capital city of Hubei Province are being spruced up for the coming 120th anniversary of his birth.

This is part of the nationwide celebrations planned round the anniversary on November 12th, according to officials of the provincial committee of the Chinese People's Political Consultative Conference.

In Wuhan, they said, this year's celebration will be "unprecedented", adding that the 100th and 110th anniversaries could not be celebrated because of the "Cultural Revolution", but political unity and stability in recent years have made the celebrations a common wish of all Chinese people.

Celebration gatherings, symposia and film receptions will be held, and historical materials dealing with the revolution will be collected and published, they said.

Dr. Sun led the 1911 Wuchang Uprising, which overthrew China's last feudal dynasty. Wuchang is part of the Wuhan City.

One statue in Wuhan stands at the junction of a road named after Dr. Sun's doctrine known as the "three people's principles" -- nationalism, democracy and people's livelihood.

The other one stands in front of the Memorial Hall of the 1911 Revolution. Formerly headquarters of the uprising troops, the hall now displays historical materials relating to the revolution.

The anniversary will also be marked in Beijing, Nanjing, Shanghai and Guangzhou, where the forerunner of the Chinese democratic revolution lived or worked.

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CHINA
PRC NATIONAL AFFAIRS

WAN LI INSPECTS XINJIANG REGION 12-18 AUGUST

OW191613 Beijing XINHUA in English 1514 GMT 19 Aug 86

[Text] Urumqi, August 19 (XINHUA) -- Vice-premier Wan Li has urged northwest China's Xinjiang Uygur Autonomous Region to step up its economic development by making fuller use of its advantages.

While on an inspection tour of the region from August 12 to 18, Wan Li, also a member of the Political Bureau of the Chinese Communist Party Central Committee, said Xinjiang should further develop production of cotton, sugar beet, silk, licorice root, fruits and melons, as well as communications and transport.

He came for the third national games of traditional sports for minority nationalities August 10 to 17, and inspected five prefectures across the length and breadth of the region.

Wan Li said the people of all the nationalities living in the region enjoyed unity. Showing his concern for the life of the people, he called on herdsmen's families during the tour.

Wan Li urged party members to do their best to become well-off through hard work and help those people who are comparatively poor.

The minority nationalities in the region should do more to develop education. That is because economic and cultural development depends on it, Wan Li said.

Xinjiang should give preferential measures to attract skilled and educated people from other parts of the country, and other provinces should be encouraged to support the economic construction in the region, Wan Li said.

OFFICIALS AT HEBEI TOURIST WORK CONFERENCE

SK190734 Shijiazhuang HEBEI RIBAO in Chinese 8 Aug 86 p 1

[Excerpts] The provincial tourist work conference held by the provincial government ended on 4 August in Qinhuangdao. Han Kehua, director of the China Travel and Tourism Bureau, spoke at the conference. Xie Feng, provincial governor, delivered a summing-up report. Vice Governor Ye Liansong presided over the conference.

During the conference Wang Shuming, deputy secretary-general of the State Council, and other responsible comrades were invited to tour several scenic spots in Qinhuangdao City.

More than 70 people, including professional commissioners and city mayors in charge of foreign affairs and tourism work, attended the conference. Responsible comrades of the Tourism Coordination Group under the State Council also attended the conference.

The conference emphatically pointed out: The CPC Central Committee and the State Council have paid great attention to developing tourism, and some central leading comrades on many occasions have indicated the necessity of regarding tourism as an important part of economic construction from the high plane of strategy. [passage omitted]

Premier Zhao has pointed out: "We must again understand the importance of the development of the tourist trade in the political and economic fields." We should break with outdated and traditional concepts, effect a leap in our ideology and understanding, and regard the rapid development of tourism as an important principle for accelerating the building of socialist modernization and socialist spiritual civilization. We should foster the viewpoint that developing the tourist trade means developing the economy, and giving support to the tourist trade means supporting the four modernizations, so that we can achieve unity of thinking among the people and can encourage the people to vigorously develop the province's tourist trade with one heart and one mind. [passage omitted]

The conference discussed and revised the "Essentials of Hebei Province's Seventh 5-Year Plan on Tourism." In line with the plan, by 1990 the province will receive 80,000 to 100,000 international tourists, which will earn \$30 million to \$40 million in foreign exchange for the province. Meanwhile, it is estimated that the province will receive 15 to 20 million domestic travellers and will earn some 500 million yuan from this field. To attain this goal, Governor Xie Feng demanded in his summing-up report at the conclusion of the conference: Tourism is a comprehensive economic undertaking. We should closely combine tourism with economic development, and should incorporate tourism in the provincial plan for economic development. All relevant prefectures and cities should incorporate tourism in their economic development plans. In developing the tourist trade, we must undertake overall planning, suit measures to local conditions, give prominence to major points, and proceed from reality. In arranging for the construction of the subsidiary infrastructure directly related to the tourist trade, special attention must be paid to economic efficiency. In arranging for the building of scenic spots, we should give consideration to demands for developing the domestic tourist trade. On the premise of following unified planning, we should adhere to the principle of pulling together the efforts of the state, localities, departments, collectives, and individuals, and should work out rational plans and establish better systems to ensure the development of various tourist items and sources of funds. We should make further efforts to promote the reform of tourist systems, pay attention to building the tourist workers' ranks, accelerate the training of competent persons, correct unhealthy trends, and improve service quality and management expertise.

YANG DEZHI CUTS RIBBON FOR EXPORTS EXHIBITION

OW150516 Beijing XINHUA Domestic Service in Chinese 1506 GMT 14 Aug 86

[Excerpt] Beijing, 14 Aug (XINHUA) -- More than 5,000 varieties of products produced by military industrial enterprises were displayed for the first time today for traders from home and abroad.

Yang Dezhi and Hong Xuezhi cut the ribbon at a ceremony for the exports sales exhibition. Li Desheng, Qian Xuesen, and more than 1,000 guests from business circles at home and abroad attended the ceremony. [passage omitted]

YANG SHANGKUN, YU QIULI VISIT EXHIBITION

OW200211 Beijing Domestic Service in Mandarin 2130 GMT 19 Aug 86

[Text] Quality products turned out by PLA-run enterprises, factories, and mines have received favorable comments from foreign businessmen attending a joint exports exhibition in Beijing. As of yesterday, foreign trade contracts worth more than U.S. \$23 million had been signed.

Yang Shangkun, Yu Qiuli, Hong Xuezhi, and other leading comrades visited the exhibition on the evening of 19 August. They expressed satisfaction with the quality of products turned out by PLA-run enterprises, factories, and mines and with their work in foreign trade.

ZHANG JINGFU MEETS TAIWAN SCHOLARS IN BEIJING

OW151410 Beijing XINHUA in English 1359 GMT 15 Aug 86

[Text] Beijing, August 15 (XINHUA) -- Chinese State Councillor Zhang Jingfu met here this afternoon with more than 20 Taiwan scholars residing abroad and listened to their opinions and suggestions on the reunification and modernization of the country.

These scholars are here from the United States, Japan, the Federal Republic of Germany, Switzerland and Austria to attend a symposium sponsored by the Taiwan Fellow-Students Association from August 9 to 13.

Speaking at the meeting on behalf of the Taiwanese present, Dr. S. Chang from the U.S.A., Dr. Ou Taisheng from Europe and Dr. Ming Chang from New York, U.S.A., expressed support for the policy of reunifying the country under the concept of "one country, two systems". They also suggested that opinions on this issue should be solicited from people of various circles in Taiwan through different channels.

Zhang Jingfu said: "We place great hopes on the Taiwan people in reunifying the country. We hope they will air their views and make more suggestions to the mainland." Later, Zhang entertained the scholars at a dinner.

OFFICIAL ADDRESSES NATIONAL CHRISTIAN CONFERENCE

OW191244 Beijing XINHUA in English 1216 GMT 19 Aug 86

[Text] Beijing, August 19 (XINHUA) -- The training of more clergy is an urgent task facing the Chinese Protestant church, Ren Wuzhi, director of the State Council's Religious Affairs Bureau, said here today. Speaking at the Fourth National Christian Conference, which opened here last Saturday, Ren said the lack of young clergy is a major problem for Chinese religious circles.

Because many of the clergy are very old and no clergy were recruited during the "Cultural Revolution" (1966-1976) there is a serious shortage.

Ren called on the three-self (self-administering, self-supporting and self-propagating) patriotic committee of the Protestant churches in China and the Chinese Christian Council to continue their good efforts in running the theological seminaries which train more clergy who both love their country and have profound religious knowledge.

Churches should, however, set up more short training classes so that religious believers throughout the country can lead a normal religious life, Ren said.

To solve the shortage of clergy, especially in rural churches, a variety of solutions should be tried, Ren said, including the establishment of short training classes not just by provinces, municipalities and counties, but by theological seminaries.

While training more young clergy, care should also be taken to include the older clergy's initiative, Ren added.

YOUTH PAPER REVIEWS RED GUARD MOVEMENT

HK200117 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1219 GMT 19 Aug 86

[Text] Beijing, 19 Aug (ZHONGGUO XINWEN SHE) -- Today's "ZHONGGUO QINGNIAN BAO" frontpages a signed article that reflects deeply on the "Red Guard Movement" which was born on 18 August 20 years ago. The article points out that the main factor in creating this historic tragedy was that the younger generation, limited by their sociohistorical environment, lacked democratic ideology and could not break free from the feudalism mentality.

The article says that the slogans of "three loyals" and "four limitless things" shouted most resoundingly in those years by the "Red Guards," and the songs they sang most frequently, "Sailing the Seas We Rely on the Helmsman" and "He Is the People's Great Savior" precisely reflected feudal "foolish loyalty" and the concept of pinning all hopes on a "supreme authority."

The article points out that the actions of the "Red Guards" in those years in ransacking homes, putting people to the struggle, torturing people to force confessions from them, and so on precisely reflected the "mentality of regarding the people as grass" whereby the people's most basic democratic rights were trampled under foot.

The article points out that the "Red Guards'" sayings at that time of coming from a "five Red categories" background and "if the father is a hero, the son is a fine fellow, if the father is a reactionary, the son is a scoundrel" precisely reflected feudal patriarchal mentality and the concept of blood ties.

The article says that to view the "Red Guard Movement" in this way certainly does not mean pinning all its crimes onto that generation, because the sociohistorical environment they faced nurtured the traditional national culture that caused their ways of thought and their habits of behavior; it was impossible for them to abandon them or to make a choice.

The article says that 20 years after the "18 August," the new younger generation is facing a completely different sociohistorical environment. Beginning with the 3d Plenary Session of the 11th CPC Central Committee, an unprecedentedly great tide of reform has been whipped up throughout the vast land of China.

The tremendous changes that have taken place in the economic field are bound to demand corresponding changes in the superstructure and in the field of ideology. Thus, carrying out political structural reforms, strengthening the building of socialist democracy and legal system, spurring the process of the democratizing politics, making a clean break from traditional national culture, absorbing all the outstanding fruits of world cultural centers, and building up a new socialist culture, have become the focal points of concern to the people and their goals of endeavor. What is gratifying is that the younger generation have not disappointed the hope of history, and more and more outstanding young people are marching in the forefront of reform.

The article says with pride that while making a historical retrospection of "18 August" which caused a tragedy for a generation of young people, the songs being sung by the new generation of China's youth are high-spirited and stimulating songs of forging ahead instead of low-spirited, plaintive dirges.

MEETINGS REPORTED AS 'TOO MANY, TOO MONOTONOUS'

OW150640 Beijing XINHUA in English 0622 GMT 15 Aug 86

["Meeting Reports Too Many, Monotonous -- Chinese Readers" -- XINHUA headline]

[Text] Harbin, August 15 (XINHUA) -- Newspaper reports about meetings are "too many" and "too monotonous", hardly meaning anything to the general readership.

This is the opinion of readers reflected at a forum on newspaper work now in session in this capital city of Heilongjiang Province.

Teng Teng, deputy head of the Propaganda Department of the Chinese Communist Party Central Committee, also attending the forum, has expressed support for the view. "Newspaper offices should not carry stories without news value," he said.

"As regards important meetings, these should be reported and the news reports about them should be well written," he said.

Between January and June, the meeting was told, the "GUIZHOU DAILY" carried a monthly average of 79 pieces of meeting news on its frontpage. The figure was 63 for "LIAONING DAILY", 54 for "ZHEJIANG DAILY" and 53 for "SICHUAN DAILY".

All these are four-page folios, operating under the authorities of their provinces.

"Meeting important to practical work and with general appeal should be reported," one editor told XINHUA. "But quite a lot of other meetings are too technical and do not concern the general readership."

Readers are not satisfied because they want to get useful information from newspapers, adding that when covering meetings, some reporters don't know how to dig out information which interest the public.

Participants also attribute the monotonous meeting reports to government offices insisting on having their meetings publicized, although they know that the public wouldn't care about them.

For these leaders, their concern is to let people know that by holding these meetings, they are doing some useful work, participants said.

SOCIOLOGISTS CAMPAIGN AGAINST ANTIQUATED IDEAS

OW040730 Beijing XINHUA in English 0712 GMT 4 Aug 86

[Text] Beijing, August 4 (XINHUA) -- Sociologists in largely rural Gansu Province in northwest China say a major educational campaign is needed to change the "old-fashioned, small-time mentality of cadres and peasants." The "GUANGMING DAILY" reported today.

The local sociologists called this mentality "an obstacle to the growth of the rural economy and the progress of the current reform."

To change the thinking of people in rural areas, they asked provincial officials to spread information about the reform and to develop a commodity economy as rapidly as possible where there are resources to do so.

"In surveying the countryside, we found cadres who still think in terms of a small-scale peasant economy," one of the sociologists told the paper. "They are not eager to learn about culture or science and technology."

As a result, said the sociologist, "they often are sluggish in their work and treat serious matters as if they were trivialities."

According to the paper, the sociologists concluded that old-fashioned thinking can lead people to be "content with the existing state of affairs and be oblivious to long-term production targets."

Lacking a vision of the future, the paper quoted the sociologists as saying, "they don't want to cooperate with those trying to bring about change for fear of the consequences and lack of knowledge of the possibilities."

The paper today also reprinted a July 19 commentary from the "GANSU DAILY" which argued that "getting rid of the old mentality ought to be one of the important elements of long-range ideological and political work."

Such change will have to come, said the commentary, "if we want to develop social productivity by boosting the commodity economy."

THINK TANKS PLAY INCREASING ROLE IN POLICY

HK191529 Hong Kong HSIN WAN PAO in Chinese 18 Aug 86 p 4

["Special feature" by contributing correspondent Wen Po: "China's New 'Think Tanks'"]

[Text] Most of the public in China is not familiar with the concept "think tanks." However, it has already begun to play its role in making the decision concerning China's current political, economic, scientific and technological, and educational structural reforms and China's economic development.

In order to improve their decision-making, Chinese leaders attach increasingly great importance to the information, data, schemes, and proposals provided to them by various research institutes.

Four Hundred Institutes and Fifteen Thousand Specialists

At present, there are over 400 scientific research institutes and 15,000 specialists in China who are engaged in soft scientific research, sources said. The "National Research Center for Science and Technology - Development," which is regarded as China's "Rand Corporation," is one of these institutes.

This research center is situated in an area in the eastern part of Beijing City that attracts few people's attention. Expert for a board with its name in Deng Xiaoping's handwriting at the center's gate, the center has nothing different from other offices. However, many proposals, policies, and forecasts that affect the progress of China's development have come from this center.

Compared with the "Rand Corporation" -- a well-known U.S. think tank with 45 years of standing -- this center has not been set up for a full 4 years and the number of specialists in its less than 100, only one-fifth of those in the "Rand Corporation." However, concerning the depth, width, and importance influence on government decisions of the research projects in which it is engaged, it can be compared with the "Rand Corporation."

Take Part in the Research for the Formulation of New Policies

The research of the "Rand Corporation" covers spheres such as administration and management, urban administration, environmental protection, energy, public health, and education. China's "National Research Center for Science and Technology for Development" also carries out research in these spheres. In addition, it also focuses on research into the projects related to the state's scientific and technological development strategy; principles, policies, and administration; and the evaluation of technology.

Assigned by the State Scientific and Technological Commission, the research center has edited, through theoretical proof, the "Blue Paper on China's Technological Policies" and taken part in formulating China's policies toward the new world technological revolution. [paragrah continues]

Other research topics it has been carrying out are "Comprehensive Evaluation of the Economic Results of the Three Gorges Project, the strategy and policies for the development of China's data processing technology; the research into and theoretical proof for the technological policies in 13 fields including communications and transportation, energy, telecommunications, agriculture, integrated circuits, and computer technology; the proposal on the establishment in China of a scientific and technological risk investment company; the research into the work of introducing from abroad, digesting and absorbing technology; and so on. [no closing quotes as published] It is worth mentioning that the draft plan for the reform of China's scientific system, which has attracted world attention, was also completed in this center.

Well-known scientists and social scientists including Qian Xuesen, Yu Guangyuan, and Tong Dalin are concurrent research fellows of this institute. Wu Mingyu, its director, is now vice minister in charge of the State Scientific and Technological Commission and is also one of the major officials in charge of formulating China's scientific and technological policies.

Bi Dachuan, vice director of the research center, told this reporter that a research institute like this is indispensable for a big country like China with a population of 1 billion people. Making arbitrary decisions based on personal will will only bungle state affairs. Therefore when they do their work, they do not consider the will of people as individuals but act on the basis of facts and data and make overall scientific and systematic analysis to provide ground for the formulation of policies.

He said that according to the proposal of Song Jian, minister in charge of the State Scientific and Technological Commission, they are carrying out the research to make a forecast concerning the policy of the 5-hour work day system [wu xiaoshi gongzuo zhi -- 0063 1420 2514 1562 0155 0455] to probe into the timing for China to implement this system and the changes it may bring about to China's economic development, to people's traditional lifestyle and values, and to the traditional consumption structure. Mr Bi is now 48 years old. Before he took up this job, he worked at the Institute of Applied Mathematics. He is a mathematician. In his research institute, there are many specialists like him.

There Is a "Think Tank" in Every Ministry

Now, "think tanks" of this kind have been established one after another in the State Council and all the ministries and commissions. In the CPC Central Committee Secretariat, there is the Rural Policy Research Center led by Du Runsheng, a specialist on agricultural issues. The major task for this office is to formulate the committee's Document No 1 every year which provides guiding agricultural policies. In the State Council, there are the International Affairs Research Center led by well-known diplomat Huan Xiang and the Development Research Center led by economist Ma Hong. In the State Planning Commission, there is a forecast center; in the Ministry of Nuclear Industry, a development research center; and in the Ministry of Aeronautics Industry, a system engineering research center.

While catering to the needs at home, the scientists also look for opportunities abroad. In carrying out research into the policies related to economic development and science and technology, Chinese research institutes have set up relations with the United States, Britain, Canada, Australia, Japan, the Soviet Union, and Eastern European countries. [paragraph continues]

They are cooperating with the U.S. Rand Corporation in carrying out the research into China's energy policies and with the British Scientific Policy Research Institute in investing the practice in exploiting oil in the South China Sea. They are also formulating plans of cooperated research with the U.S. Stamford International Research Center, the Sloane School of Management of the Massachusetts Institute of Technology, Japan's Mitsubishi Comprehensive Research Institute, and Italy's Trieste University.

STUDENTS HELD FOR 'ANTIREVOLUTIONARY OFFENCES'

HK210825 Hong Kong HONGKONG STANDARD in English 21 Aug 86 p 3

[Text] Two Beijing University students have been in custody for four months after being charged with antirevolutionary offences, a university source said. But so far the pair have not appeared before a court.

THE STANDARD learned recently that the pair were supposed to be tried in late June.

Zhang Xiaofei and Li Caian, second-year and third-year students respectively, of the department of history, were arrested by police in April, after they jointly wrote a theoretical article which criticised Marxism and the leadership of the communists.

Chinese authorities have been reluctant to reveal anything about the pair however, two letters confirming the arrests have been sent to the Hong Kong University Students' Union from the Beijing University's student union.

A student from the department of international politics at Beijing University said another student involved was expelled by the university.

The warrants of arrest were issued on April 12 and the two students were charged with advocating antirevolutionary activities. Zhang was arrested in the classroom on April 2 and Li in his dormitory that night.

All their personal possessions were confiscated.

Shortly before the incident, the two students had circulated their article, the theme of which revolved around the young Marx's theory, in the campus.

The pair apparently took part in the anti-Japanese "9.18 rally".

Zhang is said to have good academic record and reputation on campus, while Li has been described as a loner and sometimes radical.

ANHUI PLANS ID CARDS ISSUANCE IN 8 CITIES

OW201305 Hefei Anhui Provincial Service in Mandarin 1000 GMT 19 Aug 86

[Excerpts] The provincial people's government held a telephone conference yesterday afternoon to discuss matters concerning the issuance of identification cards to residents of the eight cities directly under the jurisdiction of the provincial government.

Zhao Huaishou, secretary general of the provincial people's government, spoke at the conference. He said: it has been a whole year since our province began preparations for issuing city residents' identification cards according to the unified arrangements made by the central and provincial governments. Governments at all levels in our province have done a great deal of work in making plans and conducting experiments at selected points. However, problems still exist; mainly, some cities have failed to fully understand importance of this task. [passage omitted]

Zhao Huaishou said: To successfully carry out this task, the eight cities directly under the provincial government must have a clear understanding of the task, strengthen their leadership, make great efforts to train needed personnel, and pay utmost attention to the quality of this work. [passage omitted]

SHANDONG OPENS TWO MORE PORTS TO FOREIGN SHIPS

OW200820 Beijing XINHUA in English 0645 GMT 20 Aug 86

[Text] Jinan, August 20 (XINHUA) -- Shandong Province has opened two more of its local ports to foreign ships, the provincial people's government announced here today. The port of Lanshan and a new local port at Shijiu -- Shandong's sixth and seventh open ports -- are located between Qingdao in Shandong and Lianyungang in Jiangsu Province. Both ports are linked to major rail lines.

Provincial officials said the opening of the two harbors to foreigners will cut some transportation costs, ease traffic at the crowded Qingdao and Lianyungang Ports, and shorten delays at international ports along China's coast. The Lanshan port, with an annual cargo capacity of more than one million tons, has a 20,000-ton class deep-water berth, where foreign ships may anchor for loading and unloading. The new port at Shijiu is adjacent to a much larger port administered by the central government and already open to foreign traffic.

The smaller Shijiu port has a 500-ton berth, with good conditions for barge operations, according to officials.

SHANDONG SECRETARY ON DEVELOPING TOWN ENTERPRISES

SK1808020 Jinan Shandong Provincial Service in Mandarin 2200 GMT 16 Aug 86

[Text] From 18 July to 15 August, Liang Buting, secretary of the provincial party committee, went deep into the urban and rural areas of Weifang, Yantai, and Qingdao to inspect the realities of these areas and to discuss with provincial, county, township, town, and village cadres issues concerning accelerating the development of town and township enterprises and matters of vital importance concerning enlivening the circulation of rural commodities, and to study and formulate new policies and measures to promote the flourishing development of the rural commodity economy.

Comrade Liang Buting made this inspection tour based on his inspections in more than 20 counties in 9 prefectures and cities in the western part of the province during the first half of this year.

While continuing to go deep into the realities, Comrade Liang Buting further ascertained the great potential and vast vistas for developing town and township enterprises.

Many town and township enterprises in the eastern part of the province have not only produced and processed agricultural and sideline products, but have also produced high- and medium-grade products in service of large industrial enterprises and the production and livelihood of urban and rural people. These enterprises have created famous-brand, quality products and export products that can earn foreign exchange.

The experience gained by typical units show that the localities where town and township enterprises are well developed have also achieved the building of the spiritual civilization and the people in these localities are rich. Thus, the development of town and township enterprises is a major strategic measure to promote the overall development of the national economy as well as a major measure to promote building the spiritual civilization, and the only way for the people to move from having merely adequate food and clothing to being fairly well-off.

The development of town and township enterprises in the province is uneven at present, and is principally restricted by the outdated traditional ideas and the impeded circulation fields and partly by some objective conditions. By abiding by the old method of monopoly for purchasing and marketing the commodities instead of establishing direct contacts between producing and marketing departments, some departments purchased commodities from each and every household and sold them through various links. As a result, many circulation links were added. Taking into consideration only their own interests to the neglect of social benefit, some departments did not purchase or supply the commodities that they should purchase and supply, and deliberately make things difficult for town and township enterprises and peasants. This directly affects the development of town and township enterprises.

Concerning these problems, Comrade Liang Buting repeatedly stressed: Developing town and township enterprises and enlivening rural commodity circulation is a project which involves all of society. Only by carrying out reform in a coordinated manner can town and township enterprises score good economic results and can we score good social benefits. The governments at all levels and all functional departments should renew their thinking and ideas and reform old regulations, rules, and systems that do not suit the development of the commodity economy. On the premise of not violating regulations set forth in the policies of the central authorities and in line with the principle of benefiting the state, the collectives, and the masses, we should relax control and adopt flexible measures when necessary. Supply and marketing cooperatives should attach primary importance to reforming the operation and management system and inquire deeply into reality to take off the official clothes and put on civilian clothes instead, to be cooperative commerce in reality as well as in name, and to strive for existence and development by serving the peasants and town and township enterprises.

We should adopt various ways to manage the agricultural and sideline products and raw materials whose management is not controlled by the state. We should build roads and open through trains linking different enterprises, cities, and provinces, and linking the urban areas with the rural ones in an effort to establish direct contacts between producing and marketing departments. We should establish market mechanisms suitable for the development of the socialist commodity economy and strive to avoid major ups and downs in prices and production so as to safeguard the long-term, stable interests of producers, managers, and consumers.

Comrade Liang Buting also pointed out in his inspection tour. That should foster the idea of the commodity economy and adopt feasible measures for reform in order to solve problems concerning the lack of materials, energy resources, funds, and talented persons cropping up the course of advance. We should rely on ourselves to solve these problems.

With regard to solving the problem concerning the lack of raw materials, we should set up material markets suitable to the development of town and township enterprises and conduct purchasing and marketing through negotiations. We should pay attention to give play to the functions of the vast number of buyers and sellers and the function of the existing trade associations and joint economic cooperatives, and adopt various means and open various channels to solve the problem concerning the lack of raw materials. With regard to solving the problem of lack of energy resources, we should regard the building of small thermal power plants as a key measure for accelerating the pace of development of town and township enterprises. We should encourage and support the counties, townships, and towns with conditions to collect funds to build collectively owned power plants and give preferential treatment to them in terms of their taxes. With regard to the problem concerning a lack of talented persons, we should widely open up channels for cultivating talented persons, make the most of local talented persons, and enthusiastically invite talented persons from other places, in particular, retired engineers and technicians. With regard to the problem of a lack of funds, we should guide the cadres and the masses to use surplus funds to develop town and township enterprises, encourage the masses to adopt various means to collect funds for developing various kinds of cooperatives, and encourage the peasants to buy shares and to collect funds to run plants.

While investigating realities, Comrade Liang Buting also called on leading cadres at all levels to further eliminate the influence of leftist ideology; to adjust themselves to the new rural economic situation as soon as possible; to consciously talk about, discuss, and develop the commodity economy; and to creatively do their work in the spirit of reform in order to promote the flourishing development of the rural commodity economy.

SHANGHAI IMPROVES FACILITIES FOR FOREIGN FIRMS

OW210257 Beijing XINHUA in English 0117 GMT 21 Aug 86

[Text] Shanghai, August 21 (XINHUA) -- The Shanghai local authorities are working hard to improve the infrastructure and work efficiency of China's leading industrial and port city to attract more foreign investors.

I. 21 Aug 86

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PRC REGIONAL AFFAIRS
EAST REGION

According to a municipal decree passed here last month, the procedures for approving foreign investments must be simplified and be completed within a set period.

The Shanghai Da Jiang Company, a China-Thailand joint venture which breeds and sells Chickens, started operation one year after the signing of the agreement. Being China's major complex integrating the breeding, processing and selling of Chickens and eggs, it covers 180 hectares and comprises three processing factories and a farm. Its products are now being sold on domestic and international markets.

As China's major industrial base, Shanghai has a solid industrial foundation characterized by sophisticated technology and a large number of skilled workers. But it also suffers from congested traffic, a housing shortage, inefficient telecommunications system and inadequate supply of power.

These have caused foreign entrepreneurs to hesitate to invest further in China, said Lu Guoxian, vice-chairman of the municipal Commission of Foreign Economic Relations and Trade.

Last year, for instance, the manager of the Shanghai Universal Toy Company, a Shanghai-Hong Kong Joint Venture, complained about the poor telephone service, increased charges for electricity and unreliable water supply hampering the normal production of the factory, which is located in the new industrial zone in Minhang, 30 kilometers south of the city center.

In response, early this year the municipal government exempted the company from the increased electricity charges, and the overcharges on the installment of telephones and telexes were returned to the factory. Water and electricity supply became stable.

In the past two years, a local construction company has spent more than 100 million yuan building roads, workshops, warehouses, apartment buildings and other service facilities in this new zone.

The toy factory produced 5.5 million toys in the first six months of this year and is making a substantial profit, a Chinese manager told XINHUA.

Mayor Jiang Zemin said that during the next five years, the municipal government will earmark 10 billion yuan to improve the city's hotel services, water and power supply, and the transportation and communications systems. Its target is to attract several billion U.S. dollars in foreign investment, he said.

John McCoy, president of the Sino-American Shanghai Squibb Pharmaceuticals Company, said that one expects everything to become perfect overnight. One should have time and patience. He said he believed that the investment climate here would become better and better.

ZHEJIANG'S WANG FANG ADVISES LIBERATION OF MIND

OW191633 Hangzhou Zhejiang Provincial Service in Mandarin 0900 GMT 18 Aug 86

[Excerpts] The Zhejiang Provincial CPC Committee today held a meeting of the leading bodies of the organs under the direct administration of the provincial government to exchange their experiences in improving work style and in strengthening themselves ideologically, and to study the issue of how to further implement work in this respect.

Wang Fang, secretary of the Zhejiang Provincial CPC Committee, delivered an important speech. In his speech, Comrade Wang Fang stressed: A corresponding reform in the political system is required in the course of carrying out the reform of the economic structure. In order to achieve successes in political system reforms and economic structural reforms, it is necessary to further liberate people's minds and ways of thinking and to break the bondage of all kinds of old ideas. To do so, leading cadres should conscientiously study the basics of Marxism-Leninism and the party's line, principles, and policies, should carry out investigation and study better by addressing the realities of life, and should ponder and recognize some problems anew. Thus, they will be able to guide the masses forward in the course of reform by clear-headedly understanding its importance.

Wang Fang said: In order to adapt to the new situation of the reform and of opening to the outside world, special attention must be given to solving the following three problems in an endeavor to improve leading bodies' work styles:

First, it is essential for leading cadres to enhance party spirit in order to become honest public servants of the people. Every leading cadre should take no bribes but use his power to work for the public interest. He should also make earnest efforts to eliminate malpractices prevailing in various trades, thereby fulfilling the purpose of serving the people wholeheartedly.

Second, it is necessary to strengthen democratic centralism and unity among leading bodies, to oppose the practice of what I say counts, and create a democratic atmosphere for everyone to speak out freely. [passage omitted]

Third, it is imperative to develop a practical work style. [passage omitted] Every leading comrade should conduct more investigations and studies to keep abreast of new developments, to solve new problems, and to combat various forms of bureaucracy. [passage omitted]

Attending today's meeting were more than 500 members of the leading bodies of the organs under the provincial government, provincial CPC Committee Deputy Secretary Chen Fawen, and others. Presiding over the meeting was Shen Guifang, member of the provincial party committee Standing Committee and head of the Organization Department of the provincial party committee.

GUANGDONG LEADER ON TOWNSHIP ENTERPRISE GROWTH

HK200303 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 19 Aug 86

[Text] Guo Rongchang, deputy secretary of the provincial party committee, stressed at a provincial conference on township enterprises convened in Guangzhou this morning that Guangdong should continue to uphold the principle of speeding up the development of these enterprises at various levels by applying various patterns and methods, so as to bring about relatively rapid development of these enterprises at the five levels of district, township, village, combination of households, and household. This was stated by Guo Rongchang after reviewing the development of the province's township enterprises during the Sixth 5-Year Plan and comparing their shortcomings with the enterprises in southern Jiangsu and Wenzhou.

He said: Although the province's township enterprises have developed greatly and scored great success, they have serious shortcomings. There are big imbalances in development in different types of areas. Moreover, we cannot be compared with Jiangsu and Zhejiang in absorbing surplus rural manpower, proportion of total income and output value in the national totals, and growth rate of enterprises at district and township levels.

On the main efforts to be made in developing the province's township enterprises in the future, Guo Rongchang said that the Zhu Jiang Delta, where district and township collective enterprises are relatively well developed, and some other areas where such enterprises have a certain foundation should unswervingly get a good grasp of these enterprises, and develop them by further tapping all internal potentials. We should focus on technically skilled enterprises and on projects requiring a high degree of precision and technical skill. Mountain areas and some poor coastal areas that are economically undeveloped should focus on developing enterprises run by combinations of households or single households. It is particularly necessary to take advantage of the natural strong points of mountain and coastal resources by vigorously developing small hydroelectric projects, mining, and the processing of agricultural, forestry, sideline, and aquatic products.

Comrade Guo Rongchang said: We must correctly handle the relationship between accumulation and consumption in the course of developing the township enterprises. We must vigorously develop lateral ties, and actively import capital, equipment, technology, and talent.

SHENZHEN LEADER ON FUTURE DEVELOPMENT IDEAS

HK200301 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 19 Aug 86

[Text] According to the SHENZHEN TEQU GONGREN BAO [SHENZHEN SPECIAL ZONE WORKERS' JOURNAL], Shenzhen City CPC Committee secretary and Major Li Hao said at a meeting of cadres at and above bureau-level on 6 August that as a result of the efforts of the past year, in the main aspects of economic work, Shenzhen has now emerged from its most difficult period and has gradually embarked on the track of steady, sustained, coordinated, and healthy development.

Comrade Li Hao said: The city party committee's idea is to initially build Shenzhen into a controlled free-market economic pattern [you kongzhi de ziyou sichang jingji moshi] in 3 years of efforts starting now. This pattern should have a high degree of being open to the world. We should form an outward-oriented economic setup based on industry, and integrating industry and trade, with good export strength and rational structure of trades and products.

Shenzhen should gradually perfect its special zone legislation within 3 years. It should formulate new favored treatment policies in the light of developments, and make these policies permanent in the form of laws. The special zone should practice tax exemption and gradually simplify the entry and exist procedures for Hong Kong and Macao compatriots and people from overseas. We should build the Shenzhen special zone into a free trade zone [ziytou maoyi qu]

HUNAN MEETING DISCUSSES STAFFING OF ORGANS

HK200211 Changsha Hunan Provincial Service in Mandarin 2200 GMT 19 Aug 86

[Excerpts] How should we go about doing a good job of staffing the organs by applying the reform spirit in the new situation? A provincial conference on staffing work, convened from 14 to 19 August, specifically discussed this question. At the conclusion of the meeting, Sun Wensheng, member of the Standing Committee of the provincial party committee and director of the Organization Department, delivered a summation report. Liu Zheng, deputy secretary of the provincial party committee, made a speech. [passage omitted]

The participating comrades held: Conducting political structure reform including structural reform of the state organs, is currently a major affair for the party and state. It is closely linked with the professional work of the staffing and organizational and personnel departments.

The structural reform that commenced in 1982 has produced a certain degree of success. However, in the past 2 years more organs have been set up, staffing has expanded, organs have been upgraded, and there has been chaotic division of duties, as a result of loss of control in staffing the organs and a certain loss of macro control following the delegation of cadre management jurisdiction powers to lower levels. According to provincial statistics of the end of 1985, comparing the staffing in party, government, and mass organization organs at and above county-level with the staffing during the structural reform period, there were 430 organs and 15,000 staff more than the stipulated numbers. Last year, undertakings and units increased their staff by 60,000, requiring an annual sum of 100 million yuan in personnel expenditure alone. As a result, the organs have become too large and overstaffed, and problems are kicked to and fro, hampering reform.

Hence, it is highly essential to carry out structural reform, gradually establish policy-making organs and coordinated and coordinated and highly-efficient executive organs and put them on a sound basis, strengthen the administrative supervisory organs, and modernize administrative management.

In their speeches, the responsible comrades of the provincial party committee demanded that leaders at all levels and comrades engaged in staffing and personnel work start with themselves and help the party members and cadres to eliminate old ideas and concepts out of step with structural reform, establish new ideas suited to the new situation, and act in the spirit of reform to make a success of staffing the organs.

SICHUAN EXPERIMENTS WITH 'ECOLOGICAL FARMING'

OW210313 Beijing XINHUA in English 0141 GMT 21 Aug 86

[Text] Chongqing, August 21 (XINHUA) -- A new form of farming in southwest China is making water spout in the once-dry springs and birds return to the woods. Ecological farming, being experimented with here in Dazhu County near Chongqing City, is showing better economic and environmental results, said an agricultural official of the city.

Based on the theories advanced by Prof. Yi Qianji from the Southwest Agriculture University, Chongqing City chose Dazhu County to experiment with ecological farming in 1984. Worsening environmental conditions were seriously hindering the country's agricultural development at the time, said Zhang Zhuyou, project official of the county.

Typical of the whole Sichuan basin, the experimental area had 1.3 percent of woods in 1983 compared to 50.2 percent in 1957; eroded soil took up 63.8 percent of this 33-square-kilometre area and over 600 wells or springs dried up due to the lowered water table, said Zhang Zhuyou. The county decided to adjust the agricultural structure first. According to Zhang Zhuyou, the county officials have since converted over 66 hectares of rice fields into woods, planted 5.4 million trees, seeded over 13 hectares of grass and planted 50,000 fruit trees. Labor engaged in industrial, commerce, transportation and service sectors takes up 65 percent now from seven percent before the experiment. As a result, agriculture is now in greater harmony with the natural environment, said Zhang.

Reports say the county harvests 4.8 percent more grain a year now than before the experiment, despite the fact that a large stretch of paddy fields was allocated for tree-planting. It also turns out 80,000 liters more milk and 200 tons more fruit each year. The county also helped set up 13 ecological farming households, said Zhang.

Xie, Baijun, farmer in Cuiping Village in the area, has found an ecological chain of his own. He uses grain and wheat bran to feed pigs; the pigs' excrement is then used to generate methane for cooking; the residue from the methane pit is used to cultivate earthworms; and the waste discharged by the earthworms fertilizes his grapes and oranges. "My family earns 10,000 yuan (about 2,700 U.S. dollars) a year now, almost twice as much as in 1983," said Xie.

Peasants' per capita income in the experimental area has risen from 176 yuan in 1983 to 309 yuan last year, county officials said. Secretary of the Sichuan provincial party committee recently visited the area and encouraged officials to expand the experiment. Prof. Yi said that Chongqing City government had allocated 80,000 yuan (about 21,600 U.S. dollars) to help set up an ecological farming research institute. According to Prof. Yi, there are six ecological farming experimental areas in China now; Dazhu is the largest.

CHONGQING OFFICIALS ACT ON LETTERS FROM PEOPLE

OW210323 Beijing XINHUA in English 0132 GMT 21 Aug 86

[Text] Chongqing, August 21 (XINHUA) -- Chongqing, one of China's most populous cities, located in Sichuan Province, has formed a system whereby top officials read letters from local people and deal with their problems.

"This is in line with party General Secretary Hu Yaobang's call that every leading official should read one or two letters from the masses every day," said Qu Kaiyuan, deputy director of the city office which handles letters of complaint from the public.

Under the old setup, letters and reports had to climb the administrative ladder step by step before any action was taken. This naturally led to extensive delays. But now, much speedier steps can be taken as the problems come immediately to the attention of the top figures. Apart from setting up special offices in each county and district to collect letters from local people, the city government has also installed a special "hotline" in the mayor's office for calls of complaint and suggestion from the public.

Qu noted that letters to the city government range from personal problems, exposing bureaucratism and unhealthy social phenomena to making suggestions during the current economic reform. "People are welcome to report problems to any leader," he noted.

Last year, the office received a harsh worded letter from a single woman named Liu Ziaoyu, who had been out of a job for more than ten years because of severe shortsightedness.

"She was depressed and wrote the letter," Qu explained instead of taking offence. The office made contact with the Labor Bureau and finally found a job for her.

Founded after China's liberation in 1949, the office was suspended during the "Cultural Revolution" (1966-76) and resumed in 1979.

Qu said, "There are more letters and reports on exposing bureaucratism and making suggestions about the current economic reform than about personal problems nowadays." A student at a school in Jiangbei County near Chongqing told XINHUA, "Writing to the mayor is a really very efficient way to solve problems."

His school is near a chemical factory, hydrogen sulfide and hydrogen chloride from which polluted the air. Students and teachers had complained to the factory leaders against air pollution for years but in vain. In October last year, more than 200 students and teachers jointly wrote a letter to the city mayor. The city Environment Department came to make an investigation and help the factory install recycling devices to turn the pollutants into refined hydrochloric acid. An official in charge of housing distribution who had violated state policies and recklessly issued bonuses was dismissed when the office received a letter exposing him and made an investigation.

Qu said the office often synthesizes suggestions and opinions from the public and submits them to the city government. The government then makes policies in line with their suggestions. The city's experience was praised by Vice-Premier Wan Li who called on the whole country to learn from Chongqing.

YUNNAN LEADERS ATTEND ADVISORY COMMISSION MEETING

HK200153 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 18 Aug 86

[Excerpts] The second plenary meeting of the Advisory Commission of the Yunnan Provincial CPC Committee, which had lasted 5 days, concluded on the morning of 18 August. The meeting stressed: The main point of the work of the Advisory Commission is to give full play to its political role as advisor and assistant and to enthusiastically support the work of the new leadership group.

Attending this meeting were Li Qiming, Liu Minghui, Zhang Zhixiu, and Xie Zhenhua, Central Advisory Commission members in Kunming; Xue Tao and Gao Zhiguo, former leaders of the provincial CPC Committee; some retired veteran comrades; provincial Advisory Commission members; and leading comrades of units concerned. Some 1,000 retired cadres being handled at and above the departmental level attended the meeting as nonvoting delegates and listened to reports.

Provincial Advisory Commission Chairman Li Xingwang conveyed the spirit of the meeting of the chairman of all provincial, municipal, and autonomous regional advisory commissions of the whole country which was held by the Central Advisory Commission. Pu Chaozhu and Liu Shusheng, responsible comrades of the provincial CPC Committee, attended the meeting. Comrades Li Shuji and Zhu Kui reported on the situation in the work of the provincial CPC Committee and on the economic situation. [passage omitted]

They held that over the past year and more since the establishment of the provincial Advisory Commission, under the leadership of the provincial CPC Committee and with the support of departments concerned, the commission members have done some work in giving play to their political role as advisor and assistant. In the future we must continue to do well in grasping five aspects of work:

1. It is necessary to vigorously support the work of the leadership group.
2. It is essential to intensify study and to constantly enhance theoretic and policy levels.
3. It is imperative to continuously conduct investigations and studies.
4. We must do more social work.
5. It is necessary to continuously make good arrangements for the livelihood of the commission members in their remaining years and show concern for the livelihood of the retired cadres.

At the conclusion of the meeting, Comrade Li Xingwang delivered the summation speech.

Comrades Pu Chaozhu, Zhu Zhihui, Li Shuji, and Yin Jun attended the meeting. Comrade Pu Chaozhu spoke. [passage omitted] Comrade Pu Chaozhu hoped that the veteran comrades stepping down to the second line would continue to study, vigorously push reform forward, and, if their health permits, constantly conduct investigations and studies. [passage omitted]

'BIGGEST FLOOD PEAK' PASSES IN HARBIN 20 AUG

OW201424 Beijing XINHUA in English 1414 GMT 20 Aug 86

[Text] Harbin, August 20 (XINHUA) -- The biggest flood peak in the Songhua River in the past 29 years passed Harbin, capital of Heilongjiang Province in northeast China, this afternoon without causing any damage. The front of the flood arrived at Harbin Sunday, causing the water in the dykes to swell above the level of the city.

More than 40,000 soldiers and civilians have worked on a 25-km-long section of the river banks to protect the city, according to a spokesman for the city government.

GAO DI STRESSES JILIN IDEOLOGICAL, POLITICAL WORK

SK210628 Changchun Jilin Provincial Service in Mandarin 0930 GMT 20 Aug 86

[Text] The third meeting of party representatives of the Jilin Chemical Industrial Company that was held for 3 days ended on 20 August. Gao Di, secretary of the provincial party committee; Jia Qingli, chairman of the commission for promoting enterprise management under the Ministry of Chemical Industry; and some other leading comrades attended the meeting to extend their warm congratulations.

After fully affirming the outstanding achievements scored by the Jilin Chemical Industrial Company in building the two civilizations and its great contributions to the whole province, Comrade Gao Di dwelt on the current reform and on strengthening the political and ideological work. He said: Under the new situation of reform, leaders at all levels and the vast number of party members should further enhance their understanding of reform, should uphold the orientation of reform, should show concern for give support to, and take part in reform, and should guide the broad masses of workers and staff members to push forward the reform continuously. We should, on the one hand, consolidate, assimilate, replenish and improve the reform measures we have already adopted; and should, on the other hand, introduce the plant director responsibility system, the labor contract system, and the lateral economic cooperation, with the stress on the reform of leadership system, in order to make new progress and gain new experience in this regard. The key to promoting reform and developing production lies in mobilizing the initiative of the broad masses of cadres and staff members. To mobilize their initiative, we must strengthen ideological and political work. The success in ideological and political work is the basic guarantee for achieving success in all items of work. At present, we are faced with a period of replacement of the old structure by the new and a period of changing from the closed and semiclosed state to that of comprehensively opening to the outside places and from the self-supporting and semi-self-supporting economy to a planned commodity economy. Now, reform has extended from the rural areas to the urban areas and from the economic field to various other fields in society. This extensive and profound social change has helped, to an extent seldom seen in the past, the people break with some long-standing modes, traditional concepts, and outmoded ideas on the relationship between different people. Under this situation, the people's thinkings have been brisk as never before, and various thinkings -- correct, advanced, erroneous, and backward ones -- have emerged. This has set a new and still higher demand on our ideological and political work. Therefore, the ideological and political work should not only be strengthened but also be improved.

By strengthening the ideological and political work, we mean that not only party committees should attach importance to the ideological and political work, leaders of all units and departments should also pay attention to the work; and not only should we give full play to the role of the political work departments and cadres, but also should mobilize the forces in all fields to conduct education among the people. By improving the ideological and political work we mean that we should conscientiously study and explore new laws, characteristics, and forms of the ideological and political work under the new situation so that we can yield greater results in developing the ideological and political work.

LIAONING CPPCC STANDING COMMITTEE MEETING ENDS

SK190815 Shenyang LIAONING RIBAO in Chinese 8 Aug 86 p 1

[Excerpts] The 4-day 18th Enlarged Standing Committee meeting of the 5th provincial CPPCC Committee came to an end on the afternoon of 7 August.

The issue of building spiritual civilization was the main topic for discussion at the Enlarged Standing Committee meeting. The committee members present at the meeting heard speeches concerning investigations on building spiritual civilization given by various work groups, and briefings of building spiritual civilizations given by some city CPPCC committees. The meeting also adopted a report on the appointment and removal of personnel.

Sun Qi, deputy secretary of the provincial party committee, gave a speech at the meeting. He said: Taking the building of spiritual civilization as the main topic and focusing on the discussion of achieving remarkable improvements in the social conduct of 13 cities within this year, the meeting has pooled the wisdom of all and offered plans and suggestions. This is of great significance in displaying the role of the united front and the CPPCC in the course of building a socialist spiritual civilization and in promoting the development of the two civilizations. This meeting is also of great value in improving the work of the party committee and government and solving problems in building the spiritual civilization. [passage omitted]

Xu Shaofu, chairman of the provincial CPPCC Committee, gave a summing-up speech at the end of the meeting. He said: Strengthening the building of socialist spiritual civilization is a long-term strategic task. It is hoped that all committee members and comrades of various work groups will continue to actively participate in the investigation, observation, and inspection work, and to offer advice for further strengthening the building of spiritual civilization. [passage omitted]

Attending the meeting were Chen Enfeng, Zhang Yan, Chen Yanzhi, Niu Pingfu, Yu Jingqing, Liu Mingjiu, Lu Guangji, Gu Xueqiu, Ma Longxiang, Yue Weichun, and Liu Qingkui, vice chairman of the provincial CPPCC Committee, and Xu Hongwen, secretary general.

Ninety members of the Standing Committee of the provincial CPPCC Committee attended the meeting. Vice chairman of various city CPPCC committees attended the meeting as observers.

GANSU PEASANTS URGED TO ACQUIRE COMMODITY CONCEPT

HK200257 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 19 Aug 86

["Chat for Everybody" by (Luo Zuxiao): "Help the Peasants To Establish the Commodity Concept"]

[Excerpts] I heard a leading comrade of the provincial authorities say that while visiting a certain county recently, he found that a peasant who was raising over 100 cattle was living in dire poverty. I felt very unhappy at this. This peasant should really not have been living in such poverty. [passage omitted] By raising over 100 cattle, he should have become a 10,000-yuan household.

The fact that this peasant with over 100 cattle was living a life of poverty shows how important it is for the peasants of our province to establish the commodity concept. It is because they lack this concept that the peasants in many parts of Gansu stick to the old ways, tilling the land to eat, raising cattle to plow the fields, raising chickens to exchange them for oil and salt, and so on. No matter how much they produce, they are unwilling to sell things for cash. Unless these old concepts are destroyed, how can strong points in natural resources be transformed into commodity strong points, and how can still better economic results be obtained from planting grass and raising livestock?

Hence it is evident that helping the peasants to establish the commodity production concept is a major problem urgently awaiting solution in the course of eradicating poverty and making the people rich in the rural areas. We hope that the rural cadres will make greater efforts in this respect. [passage omitted]

SHAANXI SCORES GAINS IN STRUGGLE AGAINST THEFT

HK160720 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 14 Aug 86

[Excerpt] 14 August, (Ai Pishun), deputy director of the provincial Public Security department, briefed press units on progress in the antitheft struggle in the province. The spokesman said that by 6 August, over 3,000 people in the province had reported, exposed, or provided clues to nearly 5,000 criminal cases. The province seized more than 700 criminals and handed them over to the public security authorities, cracked down some major cases, some gangs, arrested a number of criminals, and seized some stolen goods. In only 1 month, the province cracked down on more than 3,000 criminal cases, arrested more than 2,000 criminals, and destroyed nearly 200 gangs. Awed by legal power and under the pressure of public opinion and the influence of the party's policies, gangs began to disintegrate and crumble. More than 800 criminals surrendered on their own or with the push of their parents or family members. More than 1,000 convicted criminals or detained suspects confessed their other crimes, exposed and reported their accomplices, and provided clues for nearly 2,000 cases. [passage omitted]

HONG KONG, MACAO CPPCC MEMBERS VISIT SHAANXI

HK190237 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 17 Aug 86

[Text] On the afternoon of 17 August, leaders of the provincial party and government, including Bai Jinian, Li Qingwei and provincial CPPCC Committee Chairman Tan Weixu, met all members of the visiting and investigation group of Hong Kong and Macao members of the CPPCC National Committee.

At the meeting, Bai Jinian and Li Qingwei said: Shaanxi not only has many cultural relics, but also modernized industry such as the Shaanxi Kinescope Plant and Xian Airplane Manufacturing Company. They are top of the line in the country. Shaanxi industry has very great potential, but some enterprises' equipment is from the 1950's and needs constant improvements and modifications.

Bai Jinian and Li Qingwei also introduced to them the situation in the development of agricultural production, tourism work, and communications work in Shaanxi. They hoped that the committee members of the investigation group would make criticism of and give guidance to all aspects of work in Shaanxi Province and Xian City.

Liu Gangmin, Wu Qinghun, Fu Daoshen, Hu Jingtong, Gao Lingyun, Yuan Zhengzhong, and Shao Wuxuan attended the meeting.

The visiting and investigation group of Hong Kong and Macao members of the CPPCC National Committee, a delegation of about 20 people led by Wong Kwan-cheng, a CPPCC National Committee Standing Committee member and chairman of the board of directors of (Wei-Ta) Company of Hong Kong, arrived in Xian by plane on 17 August in the afternoon. The investigation group includes Li Tse-chung, CPPCC National Committee Standing Committee member and director of WEN WEI PO of Hong Kong; (Hsu Teng-liang), CPPCC National Committee-member and chairman of the board of directors of the Hua Feng Chinese Products Company Limited of Hong Kong; (Pan Chiang-wei), CPPCC National Committee member and adviser to the Hong Kong and Kowloon Federation of Trade Unions; and (Chiu Cheng-chang), CPPCC National Committee member and chairman of the board of directors of (Chi Hua) Petroleum Company Limited of Macao.

The evening of 17 August, the provincial CPPCC Committee gave a dinner for all the members of the investigation group.

PRC TO ALLOW TAIWAN CONTACTS WITH INTERPOL

OW190421 Beijing in Mandarin to Taiwan 1500 GMT 18 Aug 86

[Text] After consultations between the Interpol Secretariat and the China Bureau of Interpol, the mainland has agreed that Taiwan may maintain ties with Interpol headquarters and all its member countries and areas through the Interpol communications network in the name of China-Taiwan Police Bureau or China-Taibei Police Bureau. Related messages will be forwarded to the China Bureau by Interpol headquarters. Zhu Entao, Chinese member of the Interpol Executive Committee, reaffirmed that the mainland will cooperate with Taiwan to deal blows at criminal offenses in the future.

TAIWAN'S ADMISSION TO ASIAN OLYMPIC BODY VIEWED

OW210457 Beijing in Mandarin to Taiwan 1500 GMT 18 Aug 86

[Text] Wei Jizhong, deputy secretary general of the Chinese Olympic Committee, said in Beijing on 16 August that if the China-Taibei Olympic Committee recognizes the Constitution of the Asian Olympic Committee, strictly follows the International Olympic Committee's Nagoya Resolution, and goes through due formalities, China will not oppose China-Taibei Olympic Committee's admission into the Council of the Asian Olympic Committee.

At a press conference Wei Jizhong said: In accordance with the Nagoya Resolution, Taiwan should use the name China-Taibei Olympic Committee and change the flag, song, and emblem it has been using. Wei Jizhong said: We all know that the China-Taibei Olympic Committee is a local sports organization of China. He said that the Chinese Olympic Committee has not received any material that the China-Taibei Olympic Committee's admission into the Council of the Asian Olympic Committee will be discussed at the time of the 10th Asian Games.

When asked about the nomination of He Zhenliang, vice minister of China's State Physical Culture and Sports Commission, to run for chairman of the Council of the Asian Olympic Committee, Wei Jizhong said: China nominated He Zhenliang to run for chairman of the Council of the Asian Olympic Committee in the hope of promoting sports and the Olympic Games in Asia. He Zhenliang is presently an International Olympic Committee Executive Board member.

TAIWAN BUDDHISTS ASKED TO ATTEND ANHUI SERVICE

OW201301 Beijing in Mandarin to Taiwan 1500 GMT 19 Aug 86

[Excerpts] According to a report from Hefei, a grand Buddhist service will be held on 11 and 12 September on Jiuhua Shan, one of the four famous Buddhist mountains in China. The Jiuhuashan Buddhist Association has sent a message to Master (Baizang) of the Taiwan Buddhist Association, inviting the latter association to send representatives to attend the service. Invitations have also been sent to personages of Buddhist circles in Hong Kong, Japan, the United States, Thailand, the Philippines, and Singapore, the report says. [passage omitted]

Jiuhua Shan is located 20 kilometers southwest of Qingyang County in Anhui Province. It is said that (Dizang) Buddha once visited and preached there.

TAIWAN CONCERNED OVER U.S. ARMS SALES TO PRC

OW210619 Taipei International Service in English 0200 GMT 20 Aug 86

[Text] The Republic of China [ROC] Vice Foreign Minister John H. Chang said the ROC has relayed a message of concern to the United States over U.S. arms sales to the Communist China.

Speaking before more than 30 American journalists and opinion leaders representing the World Media Association, the recently appointed vice foreign minister also said the United States has made it clear that it has no intention of asking the ROC to hold peace talks under any forms with the communists. The United States has also refused to act as a mediator between the two sides of the Taiwan Strait.

Although the United States has not sold advanced jet fighters to the ROC, Chang said, arms sales relations in other areas have been progressing well.

Chang emphasized that the ROC plays an important strategic role in upholding security in the Asian and Pacific regions. Chang said, quote, the threat of the Chinese communists to use force against us still exists, unquote.

Chang also touched on trade issues with the American visitors. The ROC Government, he said, sincerely hopes to correct the trade imbalance. He noted the recent departure of another buy American mission to the United States, and tariff reductions as evidence of the nation's sincerity.

TAIWAN TO TAKE FLEXIBLE STANCE IN TRADE TALKS

OW210631 Taipei CHINA POST in English 18 Aug 86 p 2

[Text] The Ministry of Economic Affairs (MOEA) will ask delegates to represent the nation in the ROC-U.S. tariff talks this coming September to make calculated concessions on lowering tariffs and liberalizing the market so that a fair agreement can be negotiated. The talks will focus on the GSP status that the U.S. presently permits ROC exports.

Board of Foreign Trade Director General Vincent Siew noted that the U.S. had a 44-person delegation in the recently concluded talks in Washington. He said that the ROC must also be well prepared for the September discussions.

The MOEA stressed that for the coming rounds of ROC-U.S. trade talks the U.S. will call for voluntary restraint by the ROC of steel and machine tool exports to the U.S., revisions of the ROC's export performance requirements for automobiles, further reduction of trade barriers and access for U.S. companies to enter the local land transport industry.

Director General Siew said that the ROC had maintained GSP status for U.S. \$1.8 billion worth of exports to the U.S. in the trade talks in Washington.

OFFICIAL REPORTS ON TRADE TALKS WITH U.S.

OW201611 Taipei CNA in English 1501 GMT 20 Aug 86

[Text] Taipei, Aug. 20 (CNA) — The ROC [Republic of China] Government is determined to fulfill its promise of opening the country to imports of American cigarettes and alcoholic beverages, but it will have further discussions with American negotiators on the calculation of the prices of these products, an economic official said Wednesday.

The ROC-USA trade ad hoc committee under the Executive Yuan convened a meeting Wednesday, in which Vincent C. Siew, director general of the Board of Foreign Trade, made a report on the results of the ROC-USA trade consultations which concluded in Washington earlier this month and on the strategies for future trade talks with the United States.

A spokesman for the committee said that the Taiwan Tobacco and Wine Monopoly Bureau has mapped out a mutually acceptable plan for the calculation of prices of American cigarettes and alcoholic beverages, but he declined to elaborate on details of this plan.

Wang Chou-ming, chairman of the Council for Economic Planning and Development who is also a member of the ad hoc committee, said that the government will not change its policy of opening the market here to the import of these American goods and will have further discussions with the U.S. to resolve some technical problems.

TEXTILE INDUSTRY URGES REOPENING OF U.S. TALKS

OW210301 Taipei CNA in English 0235 GMT 21 Aug 86

[Text] Taipei, Aug. 20 (CNA) — Dissatisfied with U.S. discrimination against textile imports from this nation, some domestic textile manufacturers have called on the Board of Foreign Trade [BOFT] to reopen its textile talks with the United States.

BOFT Director General Vincent C. Siew said Wednesday that he will deliver their opinions to American trade officials at a proper time. (He added, however, that in the face of surging waves of protectionism in the U.S., reopening textile talks with the U.S. will not necessarily benefit this nation.)

Domestic textile manufacturers said that the U.S. has recently reached a six-year textile accord with Hong Kong allowing Hong Kong to increase its textile exports to the U.S. at an annual rate of one percent. In August, the U.S. also signed a four-year agreement with South Korea permitting its textile exports to the U.S. to increase by 0.8 percent per year, they said.

Compared with those two export powers, the annual growth rate for the ROC's textile exports to the U.S. will be limited to 0.5 percent in the next three years, and this is obviously unfair treatment, they complained.

I. 21 Aug 86

V 3

CHINA
TAIWAN

They pointed out that the U.S. adopted a biased attitude toward the nation's textile products on the ground that the ROC imposed high tariffs on U.S. textile products, but since the Finance Ministry has announced it will lower tariffs on U.S. textile products, the U.S. has no reason to continue its discrimination against this nation.

They called on the BOFT to reopen its textile talks with the U.S. in order to fight for fairer and more reasonable conditions for the nation's textile exports to the U.S.

TRADE TALKS WITH U.S. VIEWED AS 'POSITIVE'

OW200647 Taipei CHINA POST in English 17 Aug 86 p 2

[Editorial: "Trade Negotiations and Economic Liberalization"]

[Text] What can we make of our trade negotiations with the United States which have just been concluded? Did the United States gain at our expense? Or did we gain at the American's expense? The answer is neither, for in our view, both the U.S. and the R.O.C. have gained.

On the American side, what the White House wanted was to fight against the protectionist measures, which basically aim at curtailing imports into America in order to reduce the American trade deficit. The protectionist proposals as passed or initiated in the Congress would surely benefit those industries which are under protection, but the American consumers and the American export industries would suffer. The net result of the protectionist measures would be an inefficient utilization of resources. On the other hand, what the White House wanted was to increase American exports to help resolve the trade deficit problem.

From our point of view, we did not want any curtailment or any drastic slow-down of our exports on which our economic growth depends. What we wanted was to increase our imports in order to reduce our trade surplus.

The trade negotiations which we have just concluded with the United States achieved essentially what both sides wanted: An increase in our imports from the U.S. and an increase in our exports to the U.S.

For many items among our exports to the U.S. we will continue to enjoy special preferential tariffs according to the agreement. This is of course very important to us as the total value of these items amounted to some U.S. \$1,800 million last year. However, we should expect that the protectionists in the U.S. will not be happy with this and will continue to push their protectionist measures. This is something we will have to keep in mind when deciding our trade policies in the future.

As for our imports, we have agreed to lower tariff rates (by as much as 50 percent in some cases) on some 58 items. These include refrigerators, washing machines, chocolate, cherries, frozen peas and toilet paper. We have also agreed to allow pears to be imported. No official studies are yet available as to how the scheduled reduction of tariffs would affect the various concerned industries, but it is clear that the consumer of these items will be happy.

In addition to lowering tariff rates, we have also reached agreement with the U.S. on two other issues which have also attracted much attention. First, we have agreed to discontinue the use of "customs tables," or the practice of computing import duties on the basis of government-set prices instead of on the transaction value or invoice price. Secondly, we have agreed to allow the Americans to invest in the local insurance industry.

The matter of "customs tables" attracted a great deal of attention simply because President Reagan threatened to adopt retaliatory measures against us unless we abolished them. It is very unfortunate that this matter got the attention it did. There was no good reason for us to adopt this practice to begin with.

If we say we want to lower our tariff barriers, then let us do it, that is, by lowering tariffs. We cannot say we will lower tariffs or relax import restrictions on the one hand, and then at the same time arbitrarily set high prices which will be used for computing duties on imports. This would obviously provide ground to our trading partners which would cast doubt on our sincerity and our liberalization policy. We are glad to see that we have agreed to abolish this practice beginning in October.

As regards opening up our insurance business to American investors, we do not see anything wrong with this decision. The insurance business has nothing to do with national monopolies. (A natural monopoly exists when the nature of the business is such that monopoly will prevail.) Foreign investment in this field will only increase competition, improve efficiency and benefit consumers.

We might add here that service industries will become the "infant industry" argument and adopt protectionist policies. Competition from foreign firms can be very helpful in improving management and technology. For example, the McDonalds fast-food outlets have had very useful "demonstration effect" on the management of our restaurants.

All told, we believe that the results of the trade negotiations with the U.S. are positive and represent a step forward toward economic liberalization. We should commend all those who have participated in the decision-making and in the actual negotiating processes.

I. 21 Aug 86

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HONG KONG & MACAO

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PRC-PORTUGAL TO HOLD MACAO TALKS 9-10 SEPTEMBER

OW210610 Beijing XINHUA in English 0603 GMT 21 Aug 86

[Text] Beijing, August 21 (XINHUA) -- The Government of the People's Republic of China and the Government of the Republic of Portugal have agreed that the second round of the talks on the settlement of the Macao question will be held from 9 to 10 September 1986 in Beijing.

Further Report

HK210835 Hong Kong HONGKONG STANDARD in English 21 Aug 86 p 3

[Text] China and Portugal will hold a second round of talks on the future of Macao in Beijing next month, according to a joint statement issued yesterday.

The talks will be held on September 9 and 10.

The renewed debate follows the agenda set by the first meeting held in Beijing on June 30 and July 1.

Besides setting the agenda, it is understood that China has expressed concern over the use of the concept of "one country, two system", which forms the cornerstone of the Sino-British Joint Declaration, the guiding principle for the design of Macao's future.

Under this concept, Macao would become a special administrative region under Chinese sovereignty while exercising a high degree of autonomy.

There is apparently no dispute over the sovereignty of Macao and talks will focus on issues related to the smooth handover of power from Portuguese administrators to Macanese.

The issues will include the nationality of local-born Portuguese, the legal system, the language, and the localisation of the civil service.

The date for completion of the transfer of power will be another topic.

It is understood China may not apply the same deadline for Hong Kong's return of sovereignty in July, 1997, to Macao's settlement, as it recognises the differences between Macao and Hong Kong.

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